

**CITY OF GREENWOOD,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

CITY OF GREENWOOD, SOUTH CAROLINA
 FINANCIAL STATEMENTS
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PART I
FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Greenwood, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenwood, South Carolina (the "City") as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, the schedules of revenues, expenditures and changes in fund balance – budget and actual for the general fund and the hospitality tax fund, and other postemployment benefits healthcare plan schedules of employer contributions and funding progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
March 11, 2011

Management's Discussion and Analysis

As management of the City of Greenwood, we offer readers of the City of Greenwood's financial statements this narrative overview and analysis of the financial activities of the City of Greenwood for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the City of Greenwood exceeded its liabilities at the close of the most recent fiscal year by \$24,500,617. Of this amount, \$5,500,530 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net assets increased by \$900,428. This increase is led by an increase in cash and investments of \$856,006. The increase in cash is influenced by revenues exceeding expenditures and timely mailing of property tax notices.
- As of the close of the current fiscal year, the City of Greenwood's governmental funds reported combined ending fund balances of \$7,707,336, an increase of \$551,636 in comparison with the prior year. Of this total amount, \$3,667,327 is *unreserved, undesignated fund balance* for the governmental funds.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,667,327, or twenty-nine percent of total general fund expenditures.
- During the current fiscal year, the City of Greenwood's total long-term obligations decreased by \$118,731 (4 percent). The debt was reduced by payments of \$176,117, the removal of \$310,760 liability due to the expiration of two infrastructure agreements, a net change in compensated absences payable of \$16,854 and increased by the issuance of a promissory note for \$385,000.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Greenwood that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Greenwood include general government, court, police, fire, building inspection, public works, sanitation, non-departmental and community development. The City of Greenwood does not have any business-type activities.

The government-wide financial statements can be found as listed in the table of contents.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Greenwood maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the hospitality tax fund, the City's two major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Greenwood adopts annual appropriated budgets for its General Fund and Hospitality Tax Fund. Budgetary comparison schedules have been provided for the General Fund and Hospitality Tax Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found as listed in the table of contents.

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

The basic fiduciary fund financial statement can be found as listed in the table of contents.

Notes to the basic financial statements. The notes provide additional information that is essential to fully understanding the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Greenwood's variances in budget to actual revenues and expenditures for the General Fund and the Hospitality Tax Fund. Required supplementary information can be found as listed in the table of contents.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the City of Greenwood, assets exceed liabilities by \$24,500,617 at the close of the most recent fiscal year.

By far the largest portion of the City of Greenwood's net assets (68 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Greenwood uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Greenwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Greenwood's Net Assets

	Governmental Activities		Total	
	2010	2009	2010	2009
Current & Other Assets	\$9,453,859	\$8,669,479	\$9,453,859	\$8,669,479
Capital Assets	18,971,970	18,841,744	18,971,970	18,841,744
Total Assets	28,425,829	27,511,223	28,425,829	27,511,223
Long-term Liabilities				
Outstanding	2,887,396	3,006,128	2,887,396	3,006,128
Other Liabilities	1,037,816	904,906	1,037,816	904,906
Total Liabilities	3,925,212	3,911,034	3,925,212	3,911,034
Net Assets:				
Invested in Capital Assets, net of Related Debt	16,744,310	16,512,206	16,744,310	16,512,206
Restricted	2,255,777	2,223,321	2,255,777	2,223,321
Unrestricted	5,500,530	4,864,662	5,500,530	4,864,662
Total Net Assets	\$24,500,617	\$23,600,189	\$24,500,617	\$23,600,189

An additional portion of the City of Greenwood's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$5,500,530) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Greenwood is able to report positive balances in all three categories of net assets, for the government as a whole.

During the current fiscal year, the government's net assets increased by \$900,428. This increase is led by an increase in cash and investments of \$856,006. The increase in cash is influenced by revenues exceeding expenditures and timely mailing of property tax notices.

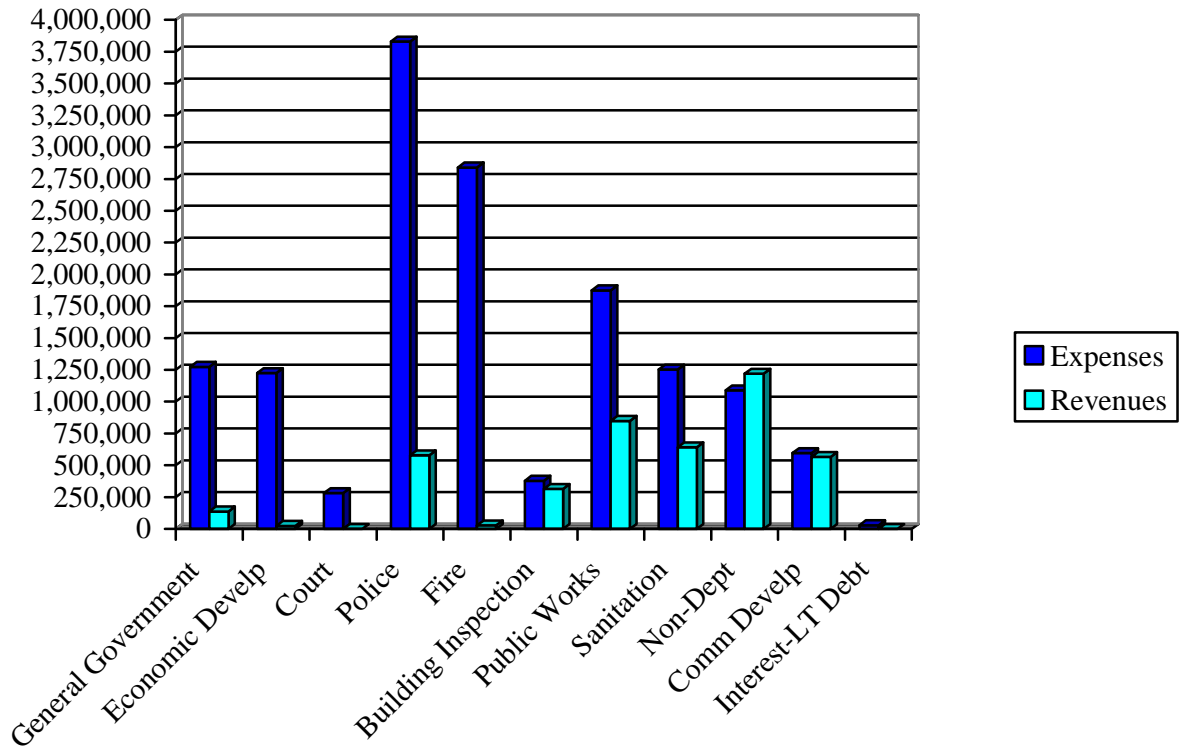
Governmental activities. Governmental activities increased the City of Greenwood's net assets by \$900,428. Key elements of this increase are as follows:

City of Greenwood's Changes in Net Assets

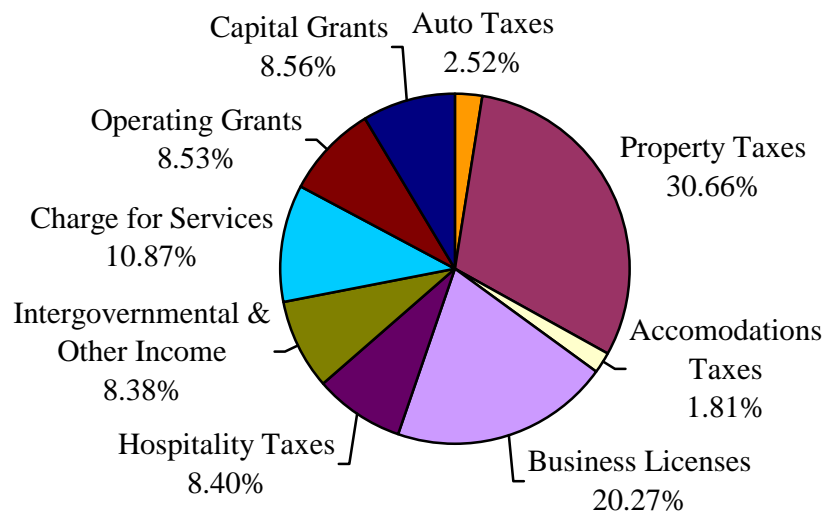
	Governmental Activities		Total	
	2010	2009	2010	2009
Revenues:				
Program Revenues:				
Charges for Services	\$1,692,364	\$1,726,588	\$1,692,364	\$1,726,588
Operating Grants & Contributions	1,327,516	1,392,644	1,327,516	1,932,644
Capital Grants & Contributions	1,331,868	1,175,981	1,331,868	1,175,981
General Revenues:				
Various Taxes	6,753,701	6,401,388	6,753,701	6,401,388
Business Licenses	3,154,509	3,030,435	3,154,509	3,030,435
Grants & Contributions not Restricted to Specific Programs	1,287,420	1,280,905	1,287,420	1,280,905
Other Income	17,256	35,765	17,256	35,765
Total Revenues:	15,564,634	15,043,706	15,564,634	15,043,706
Expenses:				
General Government	1,273,275	1,337,024	1,273,275	1,337,024
Economic Development	1,224,080	630,689	1,224,080	630,689
Court	281,263	284,873	281,263	284,873
Police	3,829,434	3,850,299	3,829,434	3,850,299
Fire	2,839,539	2,805,206	2,839,539	2,805,206
Building Inspection	378,093	409,441	378,093	409,441
Public Works	1,874,719	1,913,085	1,874,719	1,913,085
Sanitation	1,251,948	1,268,488	1,251,948	1,268,488
Non-Departmental	1,087,954	1,113,410	1,087,954	1,113,410
Community Development	595,102	1,630,015	595,102	1,630,015
Interest on Long Term Debt	28,799	25,090	28,799	25,090
Total Expenses:	14,664,206	15,267,620	14,664,206	15,267,620
Increase (Decrease)in Net Assets	900,428	(223,914)	900,428	(223,914)
Net Assets - 01/01	23,600,189	23,824,103	23,600,189	23,824,103
Net Assets - 12/31	\$24,500,617	\$23,600,189	\$24,500,617	\$23,600,189

- Capital Grants and Contributions increased by \$155,887 which is due to an increase in "C" Fund Grants contributed by the State for repaving of City streets.
- Property Taxes increased by \$352,313 primarily due to a \$127,960 payment of delinquent taxes from a commercial business that had previously filed bankruptcy. Additionally, the City's current property tax revenues increased \$132,609 over last year, part of which was from a millage increase and part of which is from improved collection rates.
- Business License Revenues increased \$124,074 and was generated by increased collections from Insurance companies. This increase is partly due to delinquent taxes collected of \$84,377 and the remainder from increased premium amounts reported.

2010 Expenses & Program Revenues - Governmental Activities



2010 Revenues By Source - Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Greenwood's governmental funds reported combined ending fund balances of \$7,707,336, an increase of \$551,636 in comparison with the prior year fund balance. Of this total amount, \$3,667,327 is *unreserved, undesignated fund balance* for the governmental funds.

The general fund is the chief operating fund of the City of Greenwood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,667,327. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. *Unreserved fund balance* represents 29 percent of total general fund expenditures and *total fund balance* represents 43 percent.

During the current fiscal year, the fund balance of the City of Greenwood's general fund increased by \$519,310. Key factors in the increase are as follows:

- The City received \$127,960 of delinquent taxes from a commercial business that had previously filed bankruptcy. This payment was unexpected and helped to generate a large increase in tax revenue over last year.
- The City's current property tax revenues increased \$132,609 over last year, part of which was from a millage increase and part of which is from improved collection rates.
- The insurance category of business license revenue reflects an increase of \$122,295. This increase is due to delinquent taxes paid of \$84,377 and increased premiums reported of \$37,918.
- 2010 reflected an increase in fine and forfeits of \$28,789 as a result of increased traffic fines and several bond estreatments, which are uncommon.
- The City also has some large one time repair expenditures within General Government in 2009 that were not repeated during 2010. This group had \$80,560 less expenditures this year.

General Fund Budgetary Highlights

During the year there was one change in total revenues and appropriations between the original and final amended budget. This changes was made to implement a one-time appreciation payment to employees based on years of service. The revenue to fund this appropriation was an increase (\$96,880) for prior year property taxes that was a result of a payment of \$127,960 from a delinquent commercial taxpayer. Several significant variances between the final budget and actual results exist. Automobile taxes declined more than anticipated and we received much less than budgeted (\$42,197). Business License revenue was stronger than projected and came in over budget (\$231,789). Because of various waterline replacement projects, repaving of several roads that were to be funded with state C Funds that had been delayed from prior years was performed in 2010, which resulted in an increase over budget in intergovernmental revenue and the corresponding expenditure in Public Works (\$329,477). Non-departmental expenditures were less than expected (\$125,308) as a result of lower utility costs and claims not made for sewer redevelopment agreements. None of these variances are expected to have a significant impact on future budgets.

Capital Assets and Long Term Obligations

Capital assets. The City of Greenwood's investment in capital assets for its governmental activities as of December 31, 2010, amounts to \$18,971,970 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sanitation system, machinery and equipment, roads, sidewalks and storm drainage systems.

Major capital asset events during the current fiscal year included the following:

- Construction was completed on a new parking lot on the corner of Maxwell and Monument streets. This construction included new asphalt, storm drains, decorative sidewalks and dumpster enclosures. An addition of \$306,843 was made to the City's infrastructure related to this project.

- An addition to our infrastructure of \$298,119 was made by repaving various roads using state C Fund grants.

Additional information on the City of Greenwood's capital assets can be found in Note 4 in the Notes to the Basic Financial Statements as listed in the table of contents.

Long-term obligations. At the end of the current fiscal year, the City of Greenwood has two promissory note payables of \$856,851 and infrastructure reimbursement agreement debt of \$839,242. Additionally, the City of Greenwood owed the Greenwood Commissioners of Public Works a total of \$531,567 for roads as part of a tax incentive agreement.

During the current fiscal year, the City of Greenwood's total long-term obligations decreased by \$118,732 (4 percent). The debt was reduced by payments of \$176,117, the removal of \$310,760 liability due to the expiration of two infrastructure agreements, a net change in compensated absences payable of \$16,854 and increased by the issuance of a promissory note for \$385,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. Capital lease debt is not subject to the statutory limitations because council must authorize payment of the lease each year. The current debt limitation for the City of Greenwood is \$4,368,310, which is available in whole to the City of Greenwood.

Additional information on the City of Greenwood's long-term obligations can be found in Note 6 in the Notes to the Basic Financial Statements as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Greenwood is currently 11.5 percent, which is a decrease of 3 percent from a year ago. This does not compare favorably to the state's average unemployment rate of 10.9 percent and the national average rate of 9.0 percent.
- The nationwide economic conditions have slowly begun to improve throughout 2010. We expect that the recovering economy will impact business license revenues and property taxes positively.
- Currently, fuel prices are increasing at an alarming rate due to unrest in Middle Eastern countries. The City is in the process of determining areas of the 2011 budget that can be changed to accommodate these increasing costs.

All of these factors were considered in preparing the City of Greenwood's budget for the 2011 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased by \$223,526 to \$3,667,327. The City of Greenwood has appropriated \$222,634 of this amount for spending in the 2011 fiscal year budget. The City has not increased the property tax millage. The maximum allowable under state law, for the 2011 tax year was 0.6%.

Requests for Information

This financial report is designed to provide a general overview of the City of Greenwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests or additional financial information should be addressed to the Finance Director, 520 Monument St, P.O. Box 40, Greenwood, SC 29648.

City of Greenwood, South Carolina
Statement of Net Assets
December 31, 2010

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Investments	\$ 1,632,903	\$ 1,632,903
Restricted Cash and Investments	2,401,477	2,401,477
Taxes Receivable (Net of Allowance)	2,393,416	2,393,416
Accounts Receivable	120,177	120,177
Mortgages Receivable	92,074	92,074
Due from Other Governments	2,749,778	2,749,778
Other Assets	64,034	64,034
Capital Assets (Net of Accumulated Depreciation):		
Non-Depreciable	7,664,300	7,664,300
Depreciable	11,307,670	11,307,670
Total assets	28,425,829	28,425,829
LIABILITIES		
Accounts Payable	644,799	644,799
Retainage Payable	34,117	34,117
Employee Funds Withheld	25,380	25,380
Accrued Expenses	172,403	172,403
Deferred Revenue	17,745	17,745
Due to Other Governments	143,372	143,372
Noncurrent Liabilities:		
Due Within One Year	469,779	469,779
Due in More Than One Year	2,417,617	2,417,617
Total liabilities	3,925,212	3,925,212
NET ASSETS		
Invested in capital assets, net of related debt	16,744,310	16,744,310
Restricted For:		
Accommodations Tax	545,417	545,417
Community Development	395,408	395,408
Firemans Fund	3,003	3,003
Forfeiture Fund	22,380	22,380
Hospitality Tax	1,247,602	1,247,602
Victims Assistance	41,967	41,967
Unrestricted	5,500,530	5,500,530
Total net assets	\$ 24,500,617	\$ 24,500,617

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

City of Greenwood, South Carolina
Statement of Activities
For the Year Ended December 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General Government	\$ 1,273,275	\$ 137,066	\$ -	\$ -	(1,136,209)
Economic Development	1,224,080	2,449	21,231	-	(1,200,400)
Court	281,263	-	-	-	(281,263)
Police	3,829,434	485,075	81,945	10,325	(3,252,089)
Fire	2,839,539	27,151	1	-	(2,812,387)
Building Inspection	378,093	313,764	-	-	(64,329)
Public Works	1,874,719	86,479	-	761,447	(1,026,793)
Sanitation	1,251,948	640,380	-	-	(611,568)
Non-Departmental	1,087,954	-	1,218,975	-	131,021
Community Development	595,102	-	5,364	560,096	(29,642)
Interest on Long Term Debt	28,799	-	-	-	(28,799)
Total governmental activities	<u>14,664,206</u>	<u>1,692,364</u>	<u>1,327,516</u>	<u>1,331,868</u>	<u>(10,312,458)</u>
 Total primary government	 <u>\$ 14,664,206</u>	 <u>\$ 1,692,364</u>	 <u>\$ 1,327,516</u>	 <u>\$ 1,331,868</u>	 <u>(10,312,458)</u>

General revenues:

Property Taxes	4,771,934
Auto Taxes	392,803
Accommodations Taxes	281,233
Hospitality Taxes	1,307,731
Business Licenses	3,154,509
Intergovernmental	1,287,420
Unrestricted Investment Earnings	15,950
Miscellaneous Income	1,306
Total general revenues	<u>11,212,886</u>
Change in net assets	900,428
Net assets - beginning of the year	23,600,189
Net assets - ending of the year	<u>\$ 24,500,617</u>

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

City of Greenwood, South Carolina
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 1,632,903	\$ -	\$ -	\$ 1,632,903
Restricted Cash and Investments	2,340	1,451,735	947,402	2,401,477
Taxes Receivable (Net)	2,393,416	-	-	2,393,416
Accounts Receivable	112,745	-	7,432	120,177
Mortgages Receivable	-	-	92,074	92,074
Due From Other Funds	237,291	-	174	237,465
Due From Other Governments	2,596,490	-	153,288	2,749,778
Other Assets	64,034	-	-	64,034
Total assets	<u>\$ 7,039,219</u>	<u>\$ 1,451,735</u>	<u>\$ 1,200,370</u>	<u>\$ 9,691,324</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	625,814	-	28	625,842
Retainage Payable	34,117	-	-	34,117
Employee Funds Withheld	25,380	-	-	25,380
Accrued Expenses	149,339	-	-	149,339
Deferred Revenue	734,053	-	15,463	749,516
Due to Other Funds	-	204,133	33,332	237,465
Due to Other Governments	-	-	143,372	143,372
Due to Designated Recipients	18,957	-	-	18,957
Total liabilities	<u>1,587,660</u>	<u>204,133</u>	<u>192,195</u>	<u>1,983,988</u>
Fund balances:				
Reserved for:				
Accommodations Taxes	-	-	545,417	545,417
Beautification	2,340	-	-	2,340
Community Development	-	-	395,408	395,408
Fireman's Fund	-	-	3,003	3,003
Hospitality Taxes	-	1,247,602	-	1,247,602
Police Forfeiture Fund	-	-	22,380	22,380
Victims Assistance	-	-	41,967	41,967
Unreserved, designated for:				
Employee Recognition	117,461	-	-	117,461
Capital Improvements	1,514,730	-	-	1,514,730
Encumbrances	137,994	-	-	137,994
Right-of-Way Acquisitions	11,707	-	-	11,707
Unreserved, undesignated reported in:				
General Fund	3,667,327	-	-	3,667,327
Total fund balances	<u>5,451,559</u>	<u>1,247,602</u>	<u>1,008,175</u>	<u>7,707,336</u>
Total liabilities and fund balances	<u>\$ 7,039,219</u>	<u>\$ 1,451,735</u>	<u>\$ 1,200,370</u>	<u>\$ 9,691,324</u>

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

City of Greenwood, South Carolina
Reconciliation of Total Governmental Fund Balances
To Net Assets of Governmental Activities
December 31, 2010

Fund Balances	\$	7,707,336
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 funds.		18,971,970
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		731,772
Long-term liabilities, including accrued interest of \$23,065, are not due and payable in the current period and therefore are not reported in the funds.		<u>(2,910,461)</u>
Net assets of governmental activities	\$	<u><u>24,500,617</u></u>

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

City of Greenwood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,073,541	\$ 1,307,731	\$ 238,749	\$ 6,620,021
Licenses	3,154,509	-	-	3,154,509
Intergovernmental	1,691,920	-	773,714	2,465,634
Fines and Forfeits	329,015	-	73,726	402,741
Contributions and Donations	-	12,500	33,935	46,435
Charges For Services	1,183,246	2,249	200	1,185,695
Commission of Pub Wks Contrib.	1,218,975	-	-	1,218,975
Interest	14,806	2,540	5,543	22,889
Mortgage Collections	-	-	4,168	4,168
Total revenues	12,666,012	1,325,020	1,130,035	15,121,067
EXPENDITURES				
Current:				
General Government	1,125,826	-	-	1,125,826
Economic Development	-	858,939	304,025	1,162,964
Court	280,511	-	-	280,511
Police	3,498,504	-	178,625	3,677,129
Fire	2,618,278	-	23,363	2,641,641
Building Inspection	369,052	-	-	369,052
Public Works	1,805,239	-	-	1,805,239
Sanitation	1,096,154	-	-	1,096,154
Non-Departmental	1,087,954	-	-	1,087,954
Community Development	-	-	595,102	595,102
Capital outlay:	603,236	34,612	404,876	1,042,724
Debt service:				
Principal Retirement	176,117	-	-	176,117
Interest	23,261	-	-	23,261
Total expenditures	12,684,132	893,551	1,505,991	15,083,674
Excess (deficiency) of revenues over expenditures	(18,120)	431,469	(375,956)	37,393
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(385,260)	(10,430)	(395,690)
Transfers In	23,187	-	372,503	395,690
Proceeds from the Sale of Capital Assets	12,057	-	-	12,057
Proceeds from Long Term Debt	385,000	-	-	385,000
Insurance Recoveries	117,186	-	-	117,186
Total other financing sources and uses	537,430	(385,260)	362,073	514,243
Net Change in fund balances	519,310	46,209	(13,883)	551,636
Fund balances -- beginning	4,932,249	1,201,393	1,022,058	7,155,700
Fund balances -- ending	\$ 5,451,559	\$ 1,247,602	\$ 1,008,175	\$ 7,707,336

City of Greenwood, South Carolina
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2010

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

Net change in fund balances--total governmental funds	\$	551,636
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which asset additions exceeded depreciation expense in the current period.		294,367
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(164,142)
The issuance of long-term debt provides current financial resources to government funds, but issuing debt or entering into capital leases also increases long term liabilities in the Statement of Net Assets.		(385,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		105,372
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		176,117
Upon the expiration of infrastructure reimbursement agreements, the outstanding balance is no longer an obligation to the City. Accordingly, the removal of these obligations are recognized as a reduction in long-term liabilities in the statement of net assets.		310,760
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.		<u>11,318</u>
Change in net assets of governmental activities	\$	<u><u>900,428</u></u>

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

City of Greenwood, South Carolina
Statement of Net Assets
Fiduciary Funds
December 31, 2010

	Uptown Greenwood Local Development Corporation Agency Fund	Police Seizure Agency Fund	Totals
ASSETS			
Cash - Unrestricted	\$ 24,972	\$ 34,389	\$ 59,361
Cash - Loan Fund - Restricted	70,747	-	70,747
Accounts Receivable	720	-	720
Loans Receivable - Restricted	133,739	-	133,739
	<u>230,178</u>	<u>34,389</u>	<u>264,567</u>
Total assets	<u>230,178</u>	<u>34,389</u>	<u>264,567</u>
LIABILITIES			
Accounts Payable	10,250	-	10,250
Due to Designated Recipients-Unrestricted	15,373	34,389	49,762
Due to Designated Recipients-Restricted	204,555	-	204,555
	<u>230,178</u>	<u>34,389</u>	<u>264,567</u>
Total liabilities	<u>\$ 230,178</u>	<u>\$ 34,389</u>	<u>\$ 264,567</u>

The notes to the financial statements are an integral part of this statement. See accompanying independent auditors' report.

CITY OF GREENWOOD
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 1 - Summary of Significant Accounting Policies

The City of Greenwood (City) is a municipal corporation, chartered in 1857, governed by a council-manager form of government. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential units. Component units are entities for which the City is considered financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to the primary government. Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* provides guidance on combining component unit data with data of the primary government as blended or discrete presentations. Blended component units are legally separate entities albeit, in substance, part of the primary government and, therefore are included with data of the primary government. Discretely presented component units are presented separately to emphasize legal separation from the primary government.

There are no blended or discretely presented component units included in this financial statement. No entities are excluded that would make the financial statements misleading.

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The City did not maintain any proprietary funds (business-type activities) during the year ending December 31, 2010.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenue, grants, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The *Hospitality Tax Fund* is a special revenue fund that accounts for all financial resources generated by a two percent local hospitality tax collected by all businesses that serve prepared meals and/or beverages within the City.

Additionally, the government reports the following fund types:

Agency funds account for activities of the Uptown Greenwood Local Development Corporation and police drug seizure funds. The Uptown Greenwood Local Development Corporation was established to provide economic stimulus to the uptown area of Greenwood. The corporation receives revenues from a Special Tax District to conduct these activities. The Police Drug Seizure fund is used to hold funds seized from persons charged with drug-related crimes until the cases are adjudicated.

The City applies all applicable GASB pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City has elected not to follow the aforementioned guidance issued after November 30, 1989, as allowed by GAAP.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's general fund, special revenue funds, and agency funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash, Cash Equivalents and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City is allowed to invest in (1) obligations of the United States and agencies thereof, the principal and interest of which is fully guaranteed by the United States; (2) obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations; (3) general obligations of the State of South Carolina or any of its political units; or revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations; (4) savings and loan associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (5) certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; (6) Repurchase agreements when collateralized by securities as set forth in this section; (7) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity and yield. The City reports its cash and investments at fair value, which is normally determined by quoted market prices.

The City currently and in the past year has used the following investments:

South Carolina Pooled Investment Fund (the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

Repurchase agreements are a type of transaction in which a participant acquires immediately available funds by selling securities and simultaneously agreeing to repurchase the same or similar securities after a specified time at a given price, which typically includes interest at an agreed-upon rate.

Additionally, the City utilized a Certificate of Deposit with a local bank for a limited amount of funds.

E. Budgets

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

1. At least forty days prior to January 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Municipal Building to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the revisions that alter the total expenditures of any fund must be approved by the City

Council. During the year, there was one amendment each to the General and Hospitality Tax Fund budgets.

5. Formal budgetary integration is employed as a management control device during the year for the General, Hospitality Tax, Local Accommodations Tax, and Victims Assistance Funds.
6. The budgets for these Funds are adopted on a basis consistent with GAAP.

The remaining Special Revenue Funds generally include state and federal grant programs, which have project-length budgets only and are not legally required to adopt a budget.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as designations of fund balances since they do not constitute expenditures or liabilities, but do reflect a commitment of the year-end fund balance. Unencumbered appropriations lapse at year-end. The City had an outstanding encumbrance of \$137,994 as of December 31, 2010 for the purchase of a residential sanitation truck.

G. Restricted Assets and Reserves

The City has set aside funds for Accommodations Taxes, Beautification expenditures, Community Development, Fireman's Insurance, Drug Forfeitures, Hospitality Taxes and Victims Assistance. These funds are restricted by law as to their uses and may only be expended for qualifying expenditures.

H. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building Improvements	5-40
Public Domain Infrastructure	10-50
Vehicles	5-8
Office Equipment	5-25
Computer Equipment	3-5

I. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. If material, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. During 2008, City Council adopted a formal fund balance policy. This policy indicates goals for unreserved fund balance, both designated and undesignated. Designations of fund balance represent tentative management plans that are subject to change. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

The City has designated \$1,514,730 for future capital improvements. The City has also designated \$117,461 of a refund for insurance premiums for employee recognition and other benefits

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, including accrued interest, used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

M. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds." (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

Property taxes are levied on October 1, and are payable without penalty through January 15. Unpaid taxes attach as an enforceable lien on property as of the following March 17.

Greenwood County bills and collects real and vehicle property taxes for the City. The County Council of Greenwood extended the period in which to pay taxes without penalty through February 15, 2011 for 2011 billed taxes. Property taxes receivable represents unpaid real and personal taxes, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable as of year end, except those collected within 45 days after year end, are recorded as deferred revenue and thus not recognized in the governmental funds until collected. At December 31, 2010, taxes receivable was \$2,393,416, net of an allowance for uncollectible taxes of \$283,703. An allowance for uncollectible trade accounts receivable is based on management's estimate of accounts that are uncollectible.

N. Inventory and Other Assets

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Prepaid items (for example, insurance) are accounted for over the period they are used rather than when paid.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2 - Cash and Investments

Custodial credit risk – deposits: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk but follows the policy statutes of the State of South Carolina. As of December 31, 2010, \$202,598 of the City's bank balances of \$452,598, which had a reported value of \$452,598, was exposed to custodial credit risk as it was uninsured but collateralized with securities held by the depository financial institution's agent but not in the City's name.

Investments

South Carolina Local Government Investment Pool is duly chartered and administered by the Office of the State Treasurer. GASB Statement No. 40 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. South Carolina Local Government Investment Pool has not been assigned a risk category since the City is not issued securities, but rather it owns an undivided beneficial interest in the assets of South Carolina Local Government Investment Pool, which is not rated. The weighted average maturity is less than one year. At year end, the amount invested in the South Carolina Local Government Investment Pool was \$1,730,886.

Beginning January 1, 2010, the City began investing a portion of its cash in overnight repurchase agreements with a local bank. Under these agreements, the bank sells United States Treasury and Federal Agency securities to the City each night and repurchases these investments the next business day. At year end, the amount invested in overnight repurchase agreements was \$2,339,067.

Interest rate risk - investments: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Credit risk – investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of credit risk - investments: The City places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. The City invests in overnight repurchase agreements with a local bank. None of the City's other investments exceeded 5% of the total amount invested.

Custodial credit risk – investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2010, \$2,339,067 of the City's security investments were exposed to custodial credit risk as they were uninsured, unregistered and were being held by the counterparty's agent but not in the name of the City.

The City held a Certificate of Deposit with a local bank which had an investment balance of \$97,598 at year end.

NOTE 3 - Commissioners of Public Works

The Commissioners of Public Works (CPW) is an entity that was created by an act of the South Carolina General Assembly and requires the consent of City Council to issue any revenue bond indebtedness. CPW has in the past followed the practice of making an annual cash contribution to the City equal to the amount of the year's charges for service provided to the City. Upon receipt of this contribution, the City has written a check to the CPW for a like amount in payment of such services. This amount was \$723,412 for 2010.

In addition, CPW contributed \$476,588 to the City in 2010 under an agreement reached in 2006. The CPW has agreed to contribute a total of \$1.2 million less the amount of utilities used. For 2010, the CPW also agreed to contribute part of the amount of utilities used by the Federal Building, which houses the Arts Council of Greenwood and the Greenwood Regional Tourism and Visitors Board. This amount was \$18,975. The annual receipt of these funds is contingent on CPW having surplus funds. This determination is made annually.

NOTE 4 - Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$7,423,112	17,108	(2,474)	\$7,437,746
Intangibles	226,554	-	-	226,554
Total Capital Assets, Not Being Depreciated	7,649,666	17,108	(2,474)	7,664,300
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,781,998	154,181	(31,802)	4,904,377
Sanitation System	830,548	31,589	(8,675)	853,462
Machinery and Equipment	8,198,562	455,917	(332,896)	8,321,583
Infrastructure	8,947,065	666,842	(104,671)	9,509,236
Total Capital Assets, Being Depreciated	22,758,173	1,308,529	(478,044)	23,588,658
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,911,536)	114,938	(31,102)	(1,995,372)
Sanitation System	(470,432)	45,795	(7,015)	(509,212)
Machinery and Equipment	(4,686,897)	554,231	(179,025)	(5,062,103)
Infrastructure	(4,497,230)	316,306	(99,235)	(4,714,301)
Total Accumulated Depreciation	(11,566,095)	1,031,270	(316,377)	(12,280,988)
Total Capital Assets, Being Depreciated, Net	11,192,078	277,259	(161,667)	11,307,670
Capital Assets, Net	\$18,841,744	294,367	(164,141)	\$18,971,970

Depreciation expense was charged to functions/programs of the government as follows:

General Government	\$128,922
Court	1,002
Police	167,501
Fire	199,785
Building Inspection	6,858
Public Works	382,043
Sanitation	136,618
Economic Development	8,541
Total Depreciation Expense	\$1,031,270

The city also entered into a contract with Reynolds Engineering in the amount of \$33,400 for services to provide a plan for use of energy efficient improvements to be made to the municipal building. This contract will be paid with general funds, specifically, the funds set aside for Capital Improvements. The remaining commitment on this contract was \$6,180 at December 31, 2010.

NOTE 5 – Interfund receivables, payables, and transfers

Interfund balances at December 31, 2010, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 237,291	\$ -
Hospitality Tax Fund	-	204,133
Special Revenue Funds:		
CDBG-4L02014	-	4,000
Local Accommodations Tax	-	10,075
Police Forfeiture	-	1,220
Victims' Assistance	-	2,924
SCDPS LEN Grant	-	490
RIF II – Long Alley	-	14,449
SC DOT TEA-21 Grant with County	174	174
	\$ 237,465	\$ 237,465

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of these amounts are expected to be paid within one year.

Transfers between funds for the year ended December 31, 2010, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 23,187	\$ -
Hospitality Tax Fund	-	385,260
Special Revenue Funds:		
RIF II – Long Alley	358,263	-
SC DOT TEA-21 Grant with County	1,310	-
CDBG-3L89013	-	10,028
CDBG – 410W004	2,500	-
CDBG – 4A10005	402	-
CDBG - 4CI05021	10,028	402
	\$ 395,690	\$ 395,690

During the course of normal operations the City makes numerous transactions between funds. The transfer of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds.

Transfers from the Hospitality Tax Fund to the RIF II - Long Alley, CDBG 410W004, and the SC DOT TEA-21 Grant with County Special Revenue Fund were made to match and support grants received from state agencies. Transfer to the General Fund from the Hospitality Tax Fund was made to reimburse for tourist events supported with fire, police and public works personnel. Transfer between CDBG 4CI05021 and 3L89013 Funds was to match a grant from the South Carolina Department of Commerce. Transfer between CDBG 4A10005 and 4CI05021 was to transfer cash on hand to the active grant.

NOTE 6 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Promissory Note Payable:					
2007 Platform Fire Truck	\$ 578,641	\$ -	\$ (106,790)	\$ 471,851	\$ 111,083
2010 Public Works Equipment/Sanitation Truck	-	385,000	-	385,000	72,674
Compensated Absences	676,590	220,833	(237,687)	659,736	231,766
CPW Agreement	543,746	-	(12,179)	531,567	20,869
Infrastructure Reimbursement Agreements	1,207,150	-	(367,908)	839,242	33,387
Totals	\$ 3,006,127	\$ 605,833	\$ (724,564)	\$ 2,887,396	\$ 469,779

Long-Term Debt at December 31, 2010 was comprised of the following:

Promissory note payable to BB&T for a platform fire truck, payable in seven annual installments of \$130,052 on March 27, 2008 through 2014, including interest at 4.020%, collateralized by fire truck.	\$ 471,851
Promissory note payable to BB&T for a sanitation truck, leaf loader, two Tahoes, Polaris ATV, tractor, dump truck, and Dell Server, payable in five annual installments of \$83,944 on March 10, 2011 through 2015, including interest at 2.96%, collateralized by said equipment.	385,000
Total	\$ 856,851

As of December 31, 2010, the annual requirements to amortize the outstanding promissory notes payable to maturity are as follows:

Year Ending December 31	Principal	Interest	Totals
2011	\$ 183,757	\$ 30,238	\$ 213,995
2012	190,248	23,747	213,995
2013	197,104	16,891	213,995
2014	204,212	9,783	213,995
2015	81,530	2,414	83,944
	\$ 856,851	\$ 83,073	\$ 939,924

The General Fund has been used to liquidate long-term liabilities in prior years.

The City has entered into agreements with several developers to reimburse one hundred percent of the costs related to the construction of streets, storm sewers, and related costs. The development must be constructed in accordance with City standards for utilities. The costs of improvements will be rebated annually not to exceed seventy five percent of the City tax revenues for any improvements to the property per year and a time frame of ten years for residential property and eleven years for commercial property. The amount to be reimbursed shall not exceed an amount that the City determines and shall continue for ten years for residential property, eleven years for commercial property, or until the reimbursement is complete, whichever occurs first. The total outstanding on these non-interest bearing agreements was \$839,242 at December 31, 2010, which includes \$33,387 that management estimates will be paid in 2011.

The City has annexed property and provided certain tax incentives to developers. As part of these incentives, the City purchased a newly constructed road in 2007 for \$207,230 and a road in 2006 for \$350,000. The City entered into agreements with CPW under which CPW loaned the funds to the City for these purchases and the City will reimburse CPW. The reimbursement to CPW will be handled through the annual check exchange. The annual reimbursement will be equal to one hundred percent of the City tax revenues received on the parcel of property where the road is located. The reimbursements will continue until the full amount is repaid. The total outstanding on these non-interest bearing agreements was \$531,567 at December 31, 2010, which includes \$20,869 that management estimates will be paid in 2011.

NOTE 7 - Employee Benefits

The City contributes to the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS). These plans are cost-sharing, multiple-employer pension plans administered by the Retirement Division of the State Budget and Control Board. The SCRS and the PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

The SCRS plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.39% of annual covered payroll. The contribution requirements of plan members and the City are established by Title 9 of the SC Code of Laws. The City's contributions to the SCRS for the years ending December 31, 2010, 2009 and 2008 were \$408,948, \$427,290, and \$397,224, respectively, equal to the required contributions for each year.

The PORS plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 11.53% of annual covered payroll. The contribution requirements of plan members and the City are established by Title 9 of the SC Code of Laws. The City's contributions to the PORS for the years ending December 31, 2010, 2009, and 2008 were \$228,182, \$231,779, and \$201,356, respectively, equal to the required contributions for each year.

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

NOTE 8 – Commitments and Contingencies

Subject to annual appropriation, the City has agreed to contribute \$300,000 annually for five years beginning in 2009 through 2012 to Lander University for funding its Recreational and Wellness Center, using Hospitality Tax Funds. The City has also contributed \$400,000 in 2010 and \$100,000 in 2011 to the County of Greenwood for the construction of a speaker's conference room in the public library. The funds are subject to annual appropriation from the Hospitality Tax Fund.

The City is routinely the subject of litigation by a variety of plaintiffs. Although the outcome of these matters is not presently determinable, the City management and their attorneys believe that the resolution of these matters will not have a material adverse effect on the financial condition of the city.

During 2009, the City was made aware of a possible liability related to an old dump site owned by the City. To the City's knowledge, this site was mainly used to dump old asphalt, concrete, leaves, limbs, etc. The South Carolina Department of Health and Environmental Control obtained samples to determine any environmental risks or exposure. The City has entered into a Voluntary Cleanup Contract with SCDHEC to remove the potential contaminants. While the City believes the liability to be less than \$50,000, management is unsure until further tests are conducted of the maximum potential liability.

NOTE 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), which is a public entity risk pool currently operating as common risk management and insurance programs. The City pays a bi-annual premium to SCMIRF for its general insurance. The SCMIRF is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

The City also has joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (SCMIT), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays a quarterly premium to SCMIT. Beginning in 2008, the city entered into an agreement with SCMIT to have a \$10,000 deductible per occurrence in order to reduce insurance costs.

There were no significant reductions in insurance coverage from amounts provided in the prior year. Settlements have not exceeded insurance coverage for each of the past three years.

The City pays monthly premiums to South Carolina State and Budget Control Board for its health and dental insurance benefits.

NOTE 10 – Related Party Transaction

The City routinely awards State Accommodations Tax allocations to the Greenwood Arts Council for specific tourist related projects. Council Member Nicoletta Hutto is serving as a consultant to the Greenwood Arts Council. During 2010, the City awarded \$7,169 in State Accommodations Tax funds to the Greenwood Arts Council.

NOTE 11 – Other Postemployment Benefits Healthcare Plan

A. Plan Description

The City sponsors a single-employer defined benefit postemployment healthcare plan (the "OPEB Plan") that provides medical benefits to eligible retired City employees. These benefits are established by the governing body of the City through an ordinance that may be amended at any time by council. City employees who retired after December 31, 1999 and before December 31, 2008 and who were enrolled in the City's Retiree Health Insurance Program on December 31, 1999, and had worked for the City for a specified number of years are eligible for these benefits. The City pays up to one hundred percent of the health insurance premiums incurred by pre-Medicare retirees. The percentage of the premium that is paid by the City is based on the number of years of service and is listed below. The City covers 0% of the monthly premium and 100% of the implicit subsidy for spouses of participants.

For retirees that retired after December 31, 2008, the OPEB Plan includes medical benefits for retirees and spouses. The City pays the premium for participants based on the schedule below.

- Group I includes retirees with at least 25 years of City service under PORS or 28 years of City service under SCRS. The City pays 100% of the monthly premium and implicit subsidy prior to age 65. The City pays no more than \$540 for retirees who retired after December 31, 2008.
- Group II includes retirees with at least 20 (but no more than 25) years of City service under PORS or 23 (but no more than 28) years of City service under SCRS. The City pays 75% of the monthly premium and implicit subsidy prior to age 65. The City pays no more than \$405 for retirees who retired after December 31, 2008.
- Group III includes retirees with at least 15 (but no more than 20) years of City service under PORS or 18 (but no more than 23) years of City service under SCRS. The City pays 50% of the monthly premium and implicit subsidy prior to age 65. The City pays no more than \$270 for retirees who retired after December 31, 2008.

No benefits are provided after age 65. Spouses of participants who retire after December 31, 2008 must pay 100% of the premium and implicit subsidy.

As of July 1, 2008, the measurement date, there were 197 covered participants; 18 members are retirees and spouses receiving benefits and 179 are active participants.

The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina ("MASC"). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, PO Box 12109, Columbia, South Carolina 29211.

B. Funding Policy

The plan includes medical benefits for retirees and their spouses. The calendar year 2010 premium rate is \$336.36 for retiree coverage and an additional \$379.84 for spouses. The calendar year 2010 premium rate for the Medicare Supplemental option is \$354.36 for retirees and \$397.84 for their spouses. Retirees and spouses must pay the full premium rate and implicit subsidy rate. Coverage can continue for the life of the retiree and for the life of the surviving spouse after the death of the retiree. Dental coverage is also available. The retiree must pay the full premium for this coverage.

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

C. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve the estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The demographic assumptions used in the calculations are predominantly consistent with those used in the July 1, 2008 valuations of the South Carolina Retirement System (General Employees, Appendix A and Public Safety, Appendix B).

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	July 1, 2008
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percent of Payroll
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	7.5% annual return net of both administrative and investment related expenses
Health Cost Trend:	10.5% to 5.0% in 0.5% annual steps
Payroll Growth:	3% per year
Coverage Elections:	90% of eligible retirees will elect coverage
Active Participant Marriage Assumption:	Not applicable, as spouses of participants who retire after 12/31/08 must pay 100% of the cost, including the implicit subsidy
Mortality Table:	UP-94
Implicit Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for implicitly subsidized costs

The asset valuation method used initially is market value. The SC ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2010 was twenty-nine years.

D. Annual OPEB Costs and Roll forward of Net OPEB Obligations

For 2010, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2010) was as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ 0
2.	One Year's Interest on the Net OPEB Obligation	0
3.	ARC (Normal Cost Plus Any Amortization Payments)	110,000
4.	Adjustment to Annual Required Contribution	0
5.	Annual OPEB Cost: (2)+(3)+(4)	110,000
6.	Contributions Made for the Plan Year	110,000
7.	Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6)	0
8.	Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	\$ 0

Schedule of Employer Contributions

Contributions for 2010 include \$29,564 paid by the City to the Plan to prefund benefits and \$80,436 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation (asset) for 2010 and 2009 were as follows:

Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
December 31, 2009	\$ 107,000	107,000	100.00%	\$ -
December 31, 2010	\$ 110,000	110,000	100.00%	\$ -

Schedule of Funding Progress

This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	1,359,000	1,359,000	0.00%	\$ 5,953,000	22.83%

Note 12 – Subsequent Events

The City entered into a contract with Seamon Whiteside & Associates on January 6, 2011 in the amount of \$98,950 for a Master Plan providing for the relocation of the County Farmer’s Market. This contract will be paid with hospitality tax funds.

On January 24, 2011, the City council approved a resolution to obtain a new promissory note for \$372,823. The proceeds will be used to fund the purchase of 6 Police Crown Victorias, a commercial sanitation truck, and a vehicle for the Fire department. The proceeds and related expenditures were included in the 2011 budget.

On February 28, 2011, the City council approved for the city manager to sign a contract with Mathis Plumbing and Heating Company for \$516,000 to make capital improvements to the municipal buildings lighting and Heating, Ventilation and Air Conditioning. \$147,000 of this contract will be paid with an ARRA Energy grant and the remaining funds will be appropriated by City council to come from the General Fund fund balance that is designated for capital improvements.

Note 13 - Pending Implementation of GASB Statement

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for the City’s year ending December 31, 2011. This Statement redefines the components of fund balance for governmental funds and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources. The effect of implementation of this Statement has not been determined.

City of Greenwood, South Carolina
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,024,175	\$ 5,121,055	\$ 5,073,541	\$ (47,514)
Licenses	2,922,720	2,922,720	3,154,509	231,789
Intergovernmental	1,385,216	1,385,216	1,691,920	306,704
Fines and Forfeits	295,000	295,000	329,015	34,015
Charges For Services	1,196,120	1,196,120	1,183,246	(12,874)
Commission of Pub Wks Contribution	1,225,000	1,225,000	1,218,975	(6,025)
Interest	20,000	20,000	14,806	(5,194)
Total revenues	<u>12,068,231</u>	<u>12,165,111</u>	<u>12,666,012</u>	<u>500,901</u>
EXPENDITURES				
Current:				
General Government	1,169,595	1,179,120	1,125,826	53,294
Court	288,139	291,207	280,511	10,696
Police	3,511,610	3,541,910	3,498,504	43,406
Fire	2,636,079	2,673,218	2,618,278	54,940
Building Inspection	408,430	411,228	369,052	42,176
Public Works	1,529,890	1,540,870	1,805,239	(264,369)
Sanitation	1,136,432	1,141,572	1,096,154	45,418
Non-Departmental	1,225,973	1,213,262	1,087,954	125,308
Capital Outlay:	659,280	669,491	603,236	66,255
Debt service:				
Principal Retirement	193,100	193,100	176,117	16,983
Interest	23,262	23,262	23,261	1
Total debt service	<u>216,362</u>	<u>216,362</u>	<u>199,378</u>	<u>16,984</u>
Total expenditures	<u>12,781,790</u>	<u>12,878,240</u>	<u>12,684,132</u>	<u>194,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(713,559)</u>	<u>(713,129)</u>	<u>(18,120)</u>	<u>695,009</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	24,000	24,000	12,057	(11,943)
Proceeds from Long Term Debt	403,360	403,360	385,000	(18,360)
Insurance Recoveries	-	-	117,186	117,186
Transfers In	25,000	25,000	23,187	(1,813)
Total other financing sources and uses	<u>452,360</u>	<u>452,360</u>	<u>537,430</u>	<u>85,070</u>
Net change in fund balance	<u>(261,199)</u>	<u>(260,769)</u>	<u>519,310</u>	<u>780,079</u>
Fund balance -- beginning	4,932,249	4,932,249	4,932,249	-
Fund balance -- ending	<u>\$ 4,671,050</u>	<u>\$ 4,671,480</u>	<u>\$ 5,451,559</u>	<u>\$ 780,079</u>

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

City of Greenwood, South Carolina
Required Supplementary Information
Hospitality Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,307,731	\$ 57,731
Contributions and Donations	11,500	11,500	12,500	1,000
Charges For Services	3,400	3,400	2,249	(1,151)
Interest	2,500	2,500	2,540	40
Total revenues	<u>1,267,400</u>	<u>1,267,400</u>	<u>1,325,020</u>	<u>57,620</u>
EXPENDITURES				
Current:				
Economic Development	1,222,500	1,222,500	858,939	363,561
Capital Outlay:	25,000	35,000	34,612	388
Total expenditures	<u>1,247,500</u>	<u>1,257,500</u>	<u>893,551</u>	<u>363,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,900</u>	<u>9,900</u>	<u>431,469</u>	<u>421,569</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(245,000)	(445,000)	(385,260)	59,740
Total other financing sources and uses	<u>(245,000)</u>	<u>(445,000)</u>	<u>(385,260)</u>	<u>59,740</u>
Net change in fund balance	(225,100)	(435,100)	46,209	481,309
Fund balance -- beginning	1,201,393	1,201,393	1,201,393	-
Fund balance -- ending	<u>\$ 976,293</u>	<u>\$ 766,293</u>	<u>\$ 1,247,602</u>	<u>\$ 481,309</u>

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**Required Supplementary Information
Other Postemployment Benefits Healthcare Plan
Schedules of Employer Contributions and Funding Progress
For the Year Ended December 31, 2010**

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and the City elected to implement this statement prospectively. Therefore, comparative data is only available for the 2009 year. In future years, three-year trend information will be presented.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
December 31, 2009	\$ 107,000	107,000	100.00%	\$ -
December 31, 2010	\$ 110,000	110,000	100.00%	\$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	1,359,000	1,359,000	0.00%	\$ 5,953,000	22.83%

City of Greenwood, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2010

	Community Development Block Grants					
	85L02	3L87005	3L89013	4L02014	4CI05021	4A09001
ASSETS						
Restricted Cash and Investments	\$ 187,982	\$ 82,434	\$ 4,890	\$ 36,607	\$ -	\$ -
Accounts Receivable	25	-	-	-	-	-
Mortgages Receivable	89,035	-	3,039	-	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Total assets	<u>277,042</u>	<u>82,434</u>	<u>7,929</u>	<u>36,607</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Accounts Payable	-	-	-	-	-	-
Deferred Revenue	1,968	-	3,039	-	-	-
Due to Other Funds	-	-	-	4,000	-	-
Due to Other Governments	-	-	-	-	-	-
Total liabilities	<u>1,968</u>	<u>-</u>	<u>3,039</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Reserved	<u>275,074</u>	<u>82,434</u>	<u>4,890</u>	<u>32,607</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>275,074</u>	<u>82,434</u>	<u>4,890</u>	<u>32,607</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 277,042</u>	<u>\$ 82,434</u>	<u>\$ 7,929</u>	<u>\$ 36,607</u>	<u>-</u>	<u>-</u>

(Continued)

City of Greenwood, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2010

	Community Development Block Grants					
	410W004	4A10005	Victims Assistance	SCDPS LEN Grant	Police Forfeiture Fund	JAG Grants
ASSETS						
Restricted Cash and Investments	\$ -	\$ 403	\$ 44,890	\$ -	\$ 23,628	\$ 10,456
Accounts Receivable	-	-	-	-	-	-
Mortgages Receivable	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Governments	-	138,394	-	490	-	-
Total assets	<u>-</u>	<u>138,797</u>	<u>44,890</u>	<u>490</u>	<u>23,628</u>	<u>10,456</u>
LIABILITIES						
Accounts Payable	-	-	-	-	28	-
Deferred Revenue	-	-	-	-	-	10,456
Due to Other Funds	-	-	2,924	490	1,220	-
Due to Other Governments	-	138,395	-	-	-	-
Total liabilities	<u>-</u>	<u>138,395</u>	<u>2,924</u>	<u>490</u>	<u>1,248</u>	<u>10,456</u>
FUND BALANCE						
Reserved	-	402	41,966	-	22,380	-
Total fund balance	<u>-</u>	<u>402</u>	<u>41,966</u>	<u>-</u>	<u>22,380</u>	<u>-</u>
Total liabilities and fund balances	<u>-</u>	<u>\$ 138,797</u>	<u>\$ 44,890</u>	<u>\$ 490</u>	<u>\$ 23,628</u>	<u>\$ 10,456</u>

(Continued)

City of Greenwood, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2010

	Local Accommodations Tax Fund	SCDOT TEA-21 Grant with County	Fireman's Fund	RIF II - Long Alley	Total Nonmajor Governmental Funds
ASSETS					
Restricted Cash and Investments	\$ 553,108	\$ -	\$ 3,004	\$ -	\$ 947,402
Accounts Receivable	7,362	-	-	45	7,432
Mortgages Receivable	-	-	-	-	92,074
Due From Other Funds	-	174	-	-	174
Due From Other Governments	-	-	-	14,404	153,288
Total assets	<u>560,470</u>	<u>174</u>	<u>3,004</u>	<u>14,449</u>	<u>1,200,370</u>
LIABILITIES					
Accounts Payable	-	-	-	-	28
Deferred Revenue	-	-	-	-	15,463
Due to Other Funds	10,075	174	-	14,449	33,332
Due to Other Governments	4,977	-	-	-	143,372
Total liabilities	<u>15,052</u>	<u>174</u>	<u>-</u>	<u>14,449</u>	<u>192,195</u>
FUND BALANCE					
Reserved	<u>545,418</u>	<u>-</u>	<u>3,004</u>	<u>-</u>	<u>1,008,175</u>
Total fund balance	<u>545,418</u>	<u>-</u>	<u>3,004</u>	<u>-</u>	<u>1,008,175</u>
Total liabilities and fund balances	<u>\$ 560,470</u>	<u>\$ 174</u>	<u>\$ 3,004</u>	<u>\$ 14,449</u>	<u>\$ 1,200,370</u>

City of Greenwood, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended December 31, 2010

	Community Development Block Grants					
	85L02	3L87005	3L89013	4L02014	4CI05021	4A09001
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	115,320	279,294
Fines and Forfeits	-	-	-	-	-	-
Contributions and Donations	-	967	-	-	-	25,743
Interest	4,166	94	132	6	-	-
Mortgage Collections	1,052	-	2,409	707	-	-
Total revenues	<u>5,218</u>	<u>1,061</u>	<u>2,541</u>	<u>713</u>	<u>115,320</u>	<u>305,037</u>
EXPENDITURES						
Economic Development	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community Development	20	4,588	5,000	4,210	130,350	310,037
Total expenditures	<u>20</u>	<u>4,588</u>	<u>5,000</u>	<u>4,210</u>	<u>130,350</u>	<u>310,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,198</u>	<u>(3,527)</u>	<u>(2,459)</u>	<u>(3,497)</u>	<u>(15,030)</u>	<u>(5,000)</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	-	(10,028)	-	(402)	-
Transfers In	-	-	-	-	10,028	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(10,028)</u>	<u>-</u>	<u>9,626</u>	<u>-</u>
Net change in fund balances	5,198	(3,527)	(12,487)	(3,497)	(5,404)	(5,000)
Fund balances -- beginning	269,876	85,962	17,377	36,104	5,404	5,000
Fund balances -- ending	<u>\$ 275,074</u>	<u>\$ 82,435</u>	<u>\$ 4,890</u>	<u>\$ 32,607</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

City of Greenwood, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended December 31, 2010

	Community Development Block Grants					
	410W004	4A10005	Victims Assistance	SCDPS LEN Grant	Police Forfeiture Fund	JAG Grants
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	138,395	-	11,313	-	78,079
Fines and Forfeits	-	-	49,814	-	23,912	-
Contributions and Donations	-	-	-	-	-	-
Interest	-	-	59	-	144	3
Mortgage Collections	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>138,395</u>	<u>49,873</u>	<u>11,313</u>	<u>24,056</u>	<u>78,082</u>
EXPENDITURES						
Economic Development	-	-	-	-	-	-
Police	-	-	81,926	11,313	46,268	78,212
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community Development	2,500	138,395	-	-	-	-
Total expenditures	<u>2,500</u>	<u>138,395</u>	<u>81,926</u>	<u>11,313</u>	<u>46,268</u>	<u>78,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,500)</u>	<u>-</u>	<u>(32,053)</u>	<u>-</u>	<u>(22,212)</u>	<u>(130)</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	-	-	-	-	-	-
Transfers In	2,500	402	-	-	-	-
Total other financing sources and uses	<u>2,500</u>	<u>402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	402	(32,053)	-	(22,212)	(130)
Fund balances -- beginning	-	-	74,020	-	44,591	130
Fund balances -- ending	<u>\$ -</u>	<u>\$ 402</u>	<u>\$ 41,967</u>	<u>\$ -</u>	<u>\$ 22,379</u>	<u>\$ -</u>

(Continued)

City of Greenwood, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended December 31, 2010

	Local Accommodations Tax Fund	SCDOT TEA-21 Grant with County	Fireman's Fund	RIF II - Long Alley	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 238,749	\$ -	\$ -	\$ -	\$ 238,749
Intergovernmental	42,484	4,101	23,349	81,379	773,714
Fines and Forfeits	-	-	-	-	73,726
Contributions and Donations	6,390	-	-	1,035	34,135
Interest	938	-	1	-	5,543
Mortgage Collections	-	-	-	-	4,168
Total revenues	<u>288,561</u>	<u>4,101</u>	<u>23,350</u>	<u>82,414</u>	<u>1,130,035</u>
EXPENDITURES					
Economic Development	223,721	-	-	440,677	664,398
Police	-	-	-	-	217,719
Fire	-	-	23,363	-	23,363
Public Works	-	5,411	-	-	5,411
Community Development	-	-	-	-	595,100
Total expenditures	<u>223,721</u>	<u>5,411</u>	<u>23,363</u>	<u>440,677</u>	<u>1,505,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,840</u>	<u>(1,310)</u>	<u>(13)</u>	<u>(358,263)</u>	<u>(375,956)</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	-	-	(10,430)
Transfers In	-	1,310	-	358,263	372,503
Total other financing sources and uses	<u>-</u>	<u>1,310</u>	<u>-</u>	<u>358,263</u>	<u>362,073</u>
Net change in fund balances	64,840	-	(13)	-	(13,883)
Fund balances -- beginning	480,578	-	3,016	-	1,022,058
Fund balances -- ending	<u>\$ 545,418</u>	<u>\$ -</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ 1,008,175</u>

City of Greenwood, South Carolina
Schedule of Municipal Court Fines, Assessments, and Surcharges
For the Year Ended December 31, 2010

	<u>Collected by Municipal Court</u>	<u>Retained by City Treasurer</u>	<u>Remitted to State Treasurer</u>	<u>Allocated to Victims Assistance</u>
Fines	\$ 276,982	\$ 276,982	\$ -	\$ -
Assessments	284,540	30,476	254,064	30,476
Surcharges	168,383	19,338	149,045	19,338
				<u>\$ 49,814</u>
Expenditures:				
Personnel				\$ 74,083
Operating				7,843
				<u>\$ 81,926</u>
Total Expenditures				<u>\$ 81,926</u>
Beginning Balance Forward				\$ 74,020
Total Revenues				49,814
Interest Earned				59
Total Expenditures				<u>(81,926)</u>
Balance Carried Forward to 2011				<u>\$ 41,967</u>

PART II
COMPLIANCE SECTION

CITY OF GREENWOOD, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through SC Department of Commerce:			
Community Development Block Grant	14.228		
Eastern Water Upgrade		4CI08005	\$ 120,322
Waterline Upgrade II		4A09001	284,295
Waterline Upgrade III		4A10005	138,395
Total U.S. Department of Housing and Urban Development			<u>543,012</u>
<u>U.S. Department of Justice</u>			
Direct:			
Bulletproof Vest Partnership	16.607		2,505
Edward Byrne Memorial Justice Assistance Grant Program 2009 Grant	16.738	2009-DJ-BX-0490	15,062
ARRA (BJA-Byrne Justice Assistance Grant) City of Greenwood Criminal Justice Enhancement Program	16.804	2009-SB-B9-0250	<u>63,150</u>
Total U.S. Department of Justice			<u>80,717</u>
<u>U. S. Department of Transportation</u>			
Passed through SC Department of Public Safety, Office of Highway Safety			
Law Enforcement Network	20.600	2JC10008	<u>11,313</u>
Total			<u>\$ 635,042</u>

CITY OF GREENWOOD, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the City of Greenwood, South Carolina (the “City”) for the year ended December 31, 2010. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City’s basic financial statements.

C – Relationship to Basic Financial Statements

Federal award expenditures are reported in the City’s basic financial statements as expenditures in the Other Governmental Funds.

D –Subrecipients

Of the federal expenditures presented in the accompanying schedule, the City provided \$518,012 to subrecipients from the Community Development Block Grant program.

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

Mayor and City Council
City of Greenwood, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenwood, South Carolina (the "City") as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

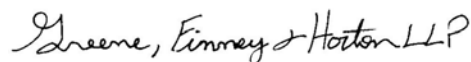
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
March 11, 2011

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

Mayor and City Council
City of Greenwood, South Carolina

Compliance

We have audited the City of Greenwood, South Carolina's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.


Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
March 11, 2011

CITY OF GREENWOOD, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

There were no audit findings in the prior year.

CITY OF GREENWOOD, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: _____ 300,000 _____

Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> No
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Section II - Current Year Financial Statements Audit

NONE

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

NONE