

**CITY OF GREENWOOD,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

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



GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Greenwood
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, 2008, 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 of Greenwood, South Carolina, as of December 31, 2008, 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 February 27, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and the schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, 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 other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Greene, Finney & Horton, LLP
February 27, 2009

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, 2008.

Financial Highlights

- The assets of the City of Greenwood exceeded its liabilities at the close of the most recent fiscal year by \$23,824,103. Of this amount, \$5,117,089 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net assets increased by \$1,163,923. Approximately forty-eight percent of this is from local Hospitality and Accommodations Taxes increases. Additionally, capital assets net of related debt increased by \$887,098, of which \$382,449 is represented by donations of infrastructure from developers.
- As of the close of the current fiscal year, the City of Greenwood's governmental funds reported combined ending fund balances of \$7,188,645, a decrease of \$365,493 in comparison with the prior year. Of this total amount, \$3,443,801 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 \$3,443,801, or twenty-five percent of total general fund expenditures.
- During the current fiscal year, the City of Greenwood's total long-term obligations decreased by \$209,625 (6 percent). The debt was reduced by payments of \$285,250 and increased by a net change in compensated absences payable of \$75,626.

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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the hospitality tax fund, and Rural Infrastructure Fund for Maxwell Avenue Phase IV, which are considered to be 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 an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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. 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 \$23,824,103 at the close of the most recent fiscal year.

By far the largest portion of the City of Greenwood's net assets (70 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	
	2008	2007	2008	2007
Current & Other Assets	\$8,918,035	\$10,052,969	\$8,918,035	\$10,052,969
Capital Assets	19,418,208	18,036,358	19,418,208	18,036,358
Total Assets	28,336,243	28,089,327	28,336,243	28,089,327
Long-term Liabilities				
Outstanding	3,416,955	3,626,580	3,416,955	3,626,580
Other Liabilities	1,095,183	1,802,567	1,095,183	1,802,567
Total Liabilities	4,512,138	5,429,147	4,512,138	5,429,147
Net Assets:				
Invested in Capital Assets, net of Related Debt	16,632,147	15,745,049	16,632,147	15,745,049
Restricted	2,074,867	1,551,649	2,074,867	1,551,649
Unrestricted	5,117,089	5,363,482	5,117,089	5,363,482
Total Net Assets	\$23,824,103	\$22,660,180	\$23,824,103	\$22,660,180

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* (\$5,117,089) 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.

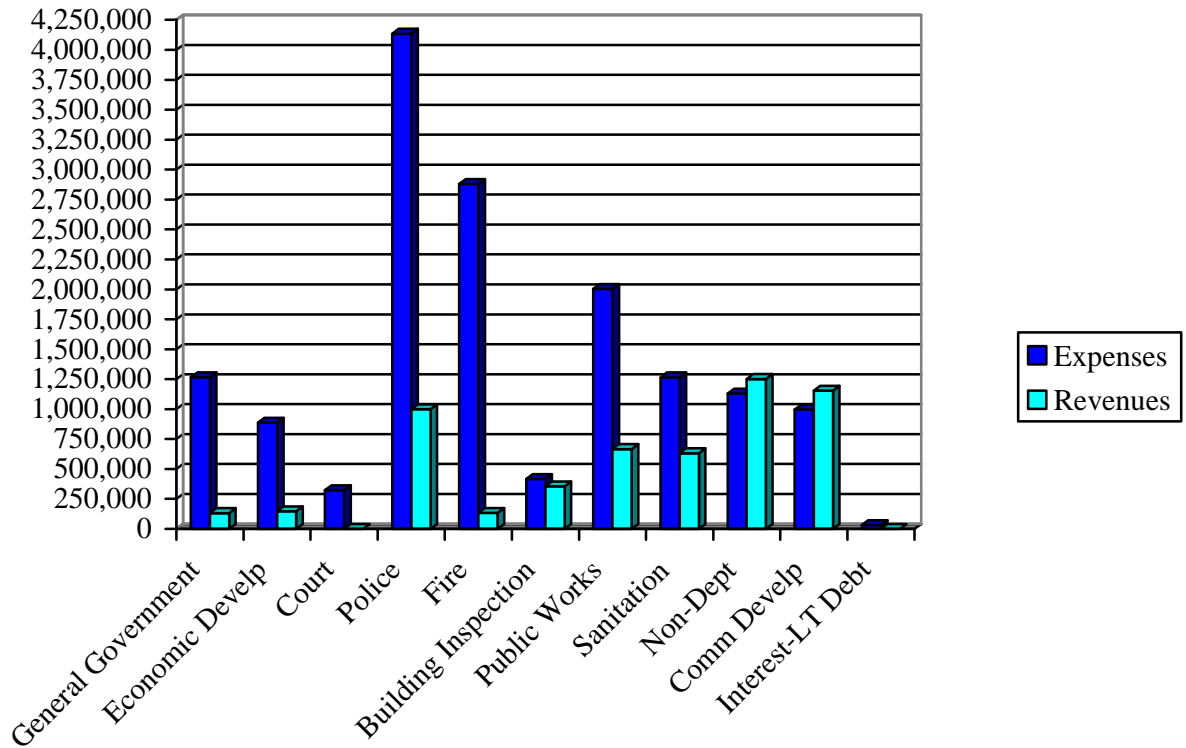
During the current fiscal year, the government's net assets increased by \$1,163,923. Approximately forth-eight percent of this increase is from Hospitality and Accommodations Taxes collections. Capital Assets, net of related debt increased by \$887,098 from developer contributions and the addition of a new ladder truck in the fire department.

Governmental activities. Governmental activities increased the City of Greenwood's net assets by \$1,163,923. Key elements of this increase are as follows:

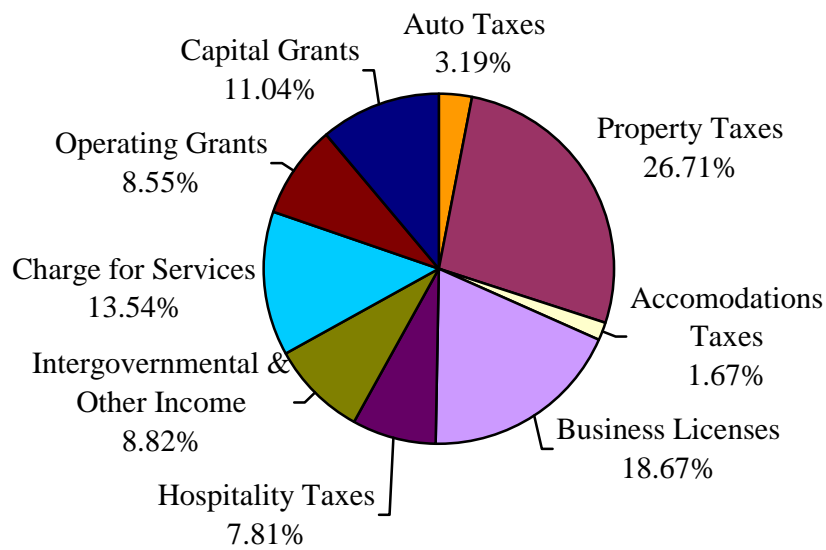
City of Greenwood's Changes in Net Assets

	Governmental Activities		Total	
	2008	2007	2008	2007
Revenues:				
Program Revenues:				
Charges for Services	\$2,233,574	\$2,292,166	\$2,233,574	\$2,292,166
Operating Grants & Contributions	1,410,951	1,516,879	1,410,951	1,516,879
Capital Grants & Contributions	1,822,015	2,259,831	1,822,015	2,259,831
General Revenues:				
Various Taxes	6,495,917	6,278,063	6,495,917	6,278,063
Business Licenses	3,080,009	3,187,278	3,080,009	3,187,278
Grants & Contributions not Restricted to Specific Programs	1,341,964	1,328,877	1,341,964	1,328,877
Other Income	112,472	185,629	112,472	185,629
Total Revenues:	16,496,902	17,048,723	16,496,902	17,048,723
Expenses:				
General Government	1,266,310	1,208,159	1,266,310	1,208,159
Economic Development	886,328	695,595	886,328	695,595
Court	322,672	281,422	322,672	281,422
Police	4,135,129	3,954,466	4,135,129	3,954,466
Fire	2,880,013	2,691,610	2,880,013	2,691,610
Building Inspection	416,583	423,105	416,583	423,105
Public Works	2,004,045	1,770,033	2,004,045	1,770,033
Sanitation	1,263,911	1,148,124	1,263,911	1,148,124
Non-Departmental	1,130,138	1,007,725	1,130,138	1,007,725
Community Development	996,055	1,570,396	996,055	1,570,396
Interest on Long Term Debt	31,795	30,325	31,795	30,325
Total Expenses:	15,332,979	14,780,960	15,332,979	14,780,960
Increase in Net Assets	1,163,923	2,267,763	1,163,923	2,267,763
Net Assets - 01/01	22,660,180	20,392,417	22,660,180	20,392,417
Net Assets - 12/31	\$23,824,103	\$22,660,180	\$23,824,103	\$22,660,180

2008 Expenses & Program Revenues - Governmental Activities



2008 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 \$7,188,645, a decrease of \$365,493 in comparison with the prior year fund balance. Of this total amount, \$3,443,801 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 \$3,443,801. 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 25 percent of total general fund expenditures and *total* fund balance represents 37 percent.

During the current fiscal year, the fund balance of the City of Greenwood's general fund decreased by \$901,542. Key factors in the decrease are as follows:

- A new Platform Ladder truck was purchased for the Fire Department using \$780,000 of capital lease proceeds received during 2007. The total expenditure for this truck and related equipment was \$890,777.
- The overall economy began declining during 2008 which caused a decrease of \$107,269 in business license revenue.
- A rapid and sharp increase in the cost of gasoline attributed to an increase in fuel costs of \$82,440.
- As the economy declined, investment earning rates also declined and this revenue decreased by \$93,191.
- Property taxes yielded an increase in revenue of \$151,926.

General Fund Budgetary Highlights

During the year there was one change in total appropriations between the original and final amended budget. This change was made to pay for re-roofing part of the detention center where our detectives division is housed and to buy a building that is an integral part of the Emerald Triangle. Several significant variances between the final budget and actual results exist. A minor personnel shortage in the police department reduced expenditures in the related department (\$160,875). The Public Works department did not use budgeted funds for C Fund Expenses and Storm Drainage Contracts which reduced expenditures (\$232,032). Business license revenue, mostly insurance collections, was less than planned (\$141,491). 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, 2008, amounts to \$19,418,208 (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 begun on the Maxwell Avenue Streetscape and Façade Project. This construction includes a new road base, asphalt, storm drains, decorative sidewalks and streetscaping. The total addition to Construction in Progress for this project is \$319,038.
- An addition to our infrastructure and land of \$337,449 was made through developer contributions for roads in the Moss Creek and Laurel Wood Subdivisions and a parcel of land on Edgefield Street.
- The purchase of a platform ladder truck for the fire department was completed for a total cost of \$890,777 including some equipment.

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 had capital lease debt of \$765,918 and infrastructure reimbursement agreement debt of \$1,468,266. Additionally, the City of Greenwood owed the Greenwood Commissioners of Public Works a total of \$551,875 as part of a tax incentive agreement.

During the current fiscal year, the City of Greenwood's total long-term obligations decreased by \$209,625 (6 percent). The debt was reduced by payments of \$285,250 and increased by a net change in compensated absences payable of \$75,625.

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 \$4,408,174, 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 11.2 percent, which is a significant increase from a rate of 7.3 percent a year ago. This does not compare favorably to the state's average unemployment rate of 9.5 percent and the national average rate of 7.2 percent.
- The nationwide economic conditions continue to deteriorate. The worsening economy will impact business license revenues and property taxes significantly.
- Due to favorable prior experience and a rebate by our carrier, liability insurance coverage is set to decrease over forty-five percent.
- Currently, the SC House of Representatives is debating a budget bill that will decrease the State Aid to Local Subdivisions by 42 percent. This would decrease the City's expected revenue for 2009 by about \$310,000.

All of these factors were considered in preparing the City of Greenwood's budget for the 2009 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$3,443,801. The City of Greenwood has appropriated \$563,962 of this amount for spending in the 2009 fiscal year budget. The city has increased the property tax millage by 2.8 mills, the maximum allowable under state law, for the 2009 tax year.

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 for 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, 2008

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Investments	\$ 1,534,457	\$ 1,534,457
Restricted Cash and Investments	2,055,146	2,055,146
Taxes Receivable (Net of Allowance)	2,467,400	2,467,400
Accounts Receivable	135,612	135,612
Mortgages Receivable	216,412	216,412
Other Receivables	2,992	2,992
Due from Other Governments	2,442,393	2,442,393
Other Assets	63,621	63,621
Capital Assets (Net of Accumulated Depreciation):		
Land	7,401,595	7,401,595
Buildings and Improvements	2,878,132	2,878,132
Sanitation System	353,687	353,687
Infrastructure	4,396,042	4,396,042
Machinery and Equipment	3,843,160	3,843,160
Intangibles	226,554	226,554
Construction in Progress	319,038	319,038
Total assets	28,336,241	28,336,241
LIABILITIES		
Accounts Payable	239,584	239,584
Retainage Payable	94,781	94,781
Employee Funds Withheld	45,250	45,250
Accrued Expenses	452,691	452,691
Deferred Revenue	262,877	262,877
Noncurrent Liabilities:		
Due Within One Year	649,098	649,098
Due in More Than One Year	2,767,857	2,767,857
Total liabilities	4,512,138	4,512,138
NET ASSETS		
Invested in capital assets, net of related debt	16,632,147	16,632,147
Restricted For:		
Accommodations Tax	409,440	409,440
Community Development	433,732	433,732
Firemans Fund	6,281	6,281
Forfeiture Fund	11,328	11,328
Hospitality Tax	1,119,063	1,119,063
Victims Assistance	95,023	95,023
Unrestricted	5,117,089	5,117,089
Total net assets	\$ 23,824,103	\$ 23,824,103

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, 2008

<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	\$ 1,266,310	\$ 131,967	\$ -	\$ -	\$ (1,134,343)
Economic Development	886,328	1,259	145,393	-	(739,676)
Court	322,672	-	-	-	(322,672)
Police	4,135,129	992,186	4,900	1,933	(3,136,110)
Fire	2,880,013	33,518	1,115	98,964	(2,746,416)
Building Inspection	416,583	354,575	-	-	(62,008)
Public Works	2,004,045	89,335	-	576,612	(1,338,098)
Sanitation	1,263,911	630,734	-	-	(633,177)
Non-Departmental	1,130,138	-	1,250,637	-	120,499
Community Development	996,055	-	8,906	1,144,506	157,357
Interest on Long Term Debt	31,795	-	-	-	(31,795)
Total governmental activities	<u>15,332,979</u>	<u>2,233,574</u>	<u>1,410,951</u>	<u>1,822,015</u>	<u>(9,866,439)</u>
Total primary government	<u>\$ 15,332,979</u>	<u>\$ 2,233,574</u>	<u>\$ 1,410,951</u>	<u>\$ 1,822,015</u>	<u>(9,866,439)</u>

General revenues:

Property Taxes	4,406,614
Auto Taxes	526,570
Accommodations Taxes	275,087
Hospitality Taxes	1,287,646
Business Licenses	3,080,009
Intergovernmental	1,341,964
Unrestricted Investment Earnings	91,542
Miscellaneous Income	5,377
Gain on Sale of Capital Assets	15,553
Total general revenues	<u>11,030,362</u>
Change in net assets	1,163,923
Net assets - beginning of the year	22,660,180
Net assets - ending of the year	<u>\$ 23,824,103</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, 2008

	General Fund	Hospitality Tax Fund	RIF II - Maxwell Ave. Phase IV	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 1,534,457	\$ -	\$ -	\$ -	\$ 1,534,457
Restricted Cash and Investments	13,908	1,171,118	120,612	749,508	2,055,146
Taxes Receivable (Net)	2,467,401	-	-	-	2,467,401
Accounts Receivable	114,892	-	11,290	9,431	135,613
Mortgages Receivable	-	-	-	216,412	216,412
Other Receivables	2,992	-	-	-	2,992
Due From Other Funds	86,151	-	40,303	20,933	147,387
Due From Other Governments	2,266,019	-	144,858	31,516	2,442,393
Other Assets	63,621	-	-	-	63,621
Total assets	<u>\$ 6,549,441</u>	<u>\$ 1,171,118</u>	<u>\$ 317,063</u>	<u>\$ 1,027,800</u>	<u>\$ 9,065,422</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	186,292	-	-	116	186,408
Retainage Payable	-	-	94,781	-	94,781
Employee Funds Withheld	44,812	-	-	438	45,250
Accrued Expenses	427,029	-	-	3,085	430,114
Deferred Revenue	644,917	-	222,282	52,462	919,661
Due to Other Funds	61,115	52,055	-	34,217	147,387
Due to Designated Recipients	53,176	-	-	-	53,176
Total liabilities	<u>1,417,341</u>	<u>52,055</u>	<u>317,063</u>	<u>90,318</u>	<u>1,876,777</u>
Fund balances:					
Reserved for:					
Accommodations Taxes	-	-	-	409,440	409,440
Beautification	2,317	-	-	-	2,317
Community Development	-	-	-	415,410	415,410
Fireman's Fund	-	-	-	6,281	6,281
Hospitality Taxes	-	1,119,063	-	-	1,119,063
Police Forfeiture Fund	-	-	-	11,328	11,328
Victims Assistance	-	-	-	95,023	95,023
Unreserved, designated for:					
Employee Recognition	127,680	-	-	-	127,680
Capital Improvements	1,546,711	-	-	-	1,546,711
Right-of-Way Acquisitions	11,591	-	-	-	11,591
Unreserved, undesignated reported in:					
General Fund	3,443,801	-	-	-	3,443,801
Total fund balances	<u>5,132,100</u>	<u>1,119,063</u>	<u>-</u>	<u>937,482</u>	<u>7,188,645</u>
Total liabilities and fund balances	<u>\$ 6,549,441</u>	<u>\$ 1,171,118</u>	<u>\$ 317,063</u>	<u>\$ 1,027,800</u>	<u>\$ 9,065,422</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, 2008

Fund Balances	\$	7,188,645
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.		19,418,208
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		18,322
Other assets have been earned, but are unavailable and, therefore are not receivables in the funds.		638,460
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(3,439,532)</u>
Net assets of governmental activities	\$	<u><u>23,824,103</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 Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Hospitality Tax Fund	RIF II - Maxwell Ave. Phase IV	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,965,580	\$ 1,287,646	\$ -	\$ 233,904	\$ 6,487,130
Licenses	3,080,009	-	-	-	3,080,009
Intergovernmental	1,453,709	-	855,474	620,129	2,929,312
Fines and Forfeits	829,388	-	-	76,615	906,003
Contributions and Donations	-	10,825	145,264	11,873	167,962
Charges For Services	1,217,172	1,259	-	-	1,218,431
Commission of Pub Wks Contribution	1,250,637	-	-	-	1,250,637
Interest	85,014	14,103	-	15,436	114,553
Mortgage Collections	-	-	-	10,701	10,701
Total revenues	<u>12,881,509</u>	<u>1,313,833</u>	<u>1,000,738</u>	<u>968,658</u>	<u>16,164,738</u>
EXPENDITURES					
Current:					
General Government	1,139,725	-	-	-	1,139,725
Economic Development	-	566,207	-	310,929	877,136
Court	317,556	-	-	-	317,556
Police	3,860,458	-	-	83,594	3,944,052
Fire	2,588,686	-	-	132,039	2,720,725
Building Inspection	402,278	-	-	-	402,278
Public Works	1,351,638	-	-	322,996	1,674,634
Sanitation	1,201,445	-	-	-	1,201,445
Non-Departmental	1,117,111	-	-	-	1,117,111
Community Development	-	-	-	186,793	186,793
Capital Outlay:	1,521,079	-	1,074,911	80,707	2,676,697
Debt service:					
Principal Retirement	285,250	-	-	-	285,250
Interest	37,079	-	-	-	37,079
Total expenditures	<u>13,822,305</u>	<u>566,207</u>	<u>1,074,911</u>	<u>1,117,058</u>	<u>16,580,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(940,796)</u>	<u>747,626</u>	<u>(74,173)</u>	<u>(148,400)</u>	<u>(415,743)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	74,173	197,803	271,976
Transfers Out	(10,996)	(260,980)	-	-	(271,976)
Proceeds from the Sale of Capital Assets	50,250	-	-	-	50,250
Total other financing sources and uses	<u>39,254</u>	<u>(260,980)</u>	<u>74,173</u>	<u>197,803</u>	<u>50,250</u>
Net change in fund balances	(901,542)	486,646	-	49,403	(365,493)
Fund balances -- beginning	<u>6,033,642</u>	<u>632,417</u>	<u>-</u>	<u>888,079</u>	<u>7,554,138</u>
Fund balances -- ending	<u>\$ 5,132,100</u>	<u>\$ 1,119,063</u>	<u>\$ -</u>	<u>\$ 937,482</u>	<u>\$ 7,188,645</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 the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2008

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

Net change in fund balances--total governmental funds	\$ (365,493)
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 depreciation was exceeded by capital outlays in the current period.	1,032,598
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	349,252
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(67,341)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	285,250
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>(70,343)</u>
Change in net assets of governmental activities	<u><u>\$ 1,163,923</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, 2008

	Uptown Greenwood Local Development Corporation Agency Fund	Police Seizure Agency Fund	Totals
ASSETS			
Cash - Unrestricted	\$ 9,299	\$ 66,302	\$ 75,601
Cash - Loan Fund - Restricted	31,366	-	31,366
Accounts Receivable	7,898	-	7,898
Loans Receivable - Restricted	<u>167,300</u>	<u>-</u>	<u>167,300</u>
Total assets	<u><u>215,863</u></u>	<u><u>66,302</u></u>	<u><u>282,165</u></u>
LIABILITIES			
Accounts Payable	456	-	456
Due to Designated Recipients-Unrestricted	16,741	66,302	83,043
Due to Designated Recipients-Restricted	<u>198,666</u>	<u>-</u>	<u>198,666</u>
Total liabilities	<u><u>\$ 215,863</u></u>	<u><u>\$ 66,302</u></u>	<u><u>\$ 282,165</u></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, 2008

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, 2008.

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, 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 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. The *Rural Infrastructure Fund II - Maxwell Avenue Phase IV* is also a special revenue fund that accounts for grant monies, Council-approved hospitality tax fund transfers and local owner contributions to be used for public infrastructure and building façade improvements.

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 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; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (4) 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.

The City's cash 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.

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 to the budget.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund only.
6. The budget for the General Fund is adopted on a basis consistent with GAAP.

The 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. The Hospitality Fund has expenditures based on City Council approval of community requests. No formal budget was adopted for 2008. The Maxwell Avenue Rural Infrastructure Fund expenditures are within the budget established during the grant process.

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 reservations 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 no outstanding encumbrances as of December 31, 2008.

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 are only 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 balances, 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 \$1,546,711 for future capital improvements. The City has also designated \$127,680 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, 2009 for 2008 billed taxes. Property taxes receivable represent 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, 2008, taxes receivable was \$2,467,401, net of an allowance for uncollectible taxes of \$343,084. There was no allowance for uncollectible trade accounts receivable at December 31, 2008.

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, 2008, none of the City's bank balances of \$2,670,205, which had a reported value of \$2,509,976, were exposed to custodial credit risk.

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. At year end, the amount invested in the South Carolina Local Government Investment Pool was \$1,186,594.

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 \$656,676 for 2008.

In addition, CPW contributed \$543,324 to the City in 2008 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 2008, the CPW also agreed to contribute 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 \$50,637. 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:

	Balance December 31, 2007	Increases	Decreases	Balance December 31, 2008
Capital Assets, Not Being Depreciated:				
Land	\$7,258,657	\$150,556	(7,618)	\$7,401,595
Construction in Progress	-	319,038	-	319,038
Intangibles	226,554	-	-	226,554
Total Capital Assets, Not Being Depreciated	<u>7,485,211</u>	<u>469,594</u>	<u>(7,618)</u>	<u>7,947,187</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,616,520	66,275	-	4,682,795
Sanitation System	754,130	65,369	(16,626)	802,873
Machinery and Equipment	7,099,577	1,478,416	(291,872)	8,286,121
Infrastructure	8,326,943	286,990	(2,423)	8,611,510
Total Capital Assets, Being Depreciated	<u>20,797,170</u>	<u>1,897,050</u>	<u>(310,921)</u>	<u>22,383,299</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,701,351)	(103,312)	-	(1,804,663)
Sanitation System	(419,744)	(46,068)	16,626	(449,186)
Machinery and Equipment	(4,199,424)	(508,454)	264,917	(4,442,961)
Infrastructure	(3,925,504)	(292,262)	2,298	(4,215,468)
Total Accumulated Depreciation	<u>(10,246,023)</u>	<u>(950,096)</u>	<u>283,841</u>	<u>(10,912,278)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,551,147</u>	<u>946,954</u>	<u>(27,080)</u>	<u>11,471,021</u>
Capital Assets, Net	<u>\$18,036,358</u>	<u>\$1,416,548</u>	<u>(\$34,698)</u>	<u>\$19,418,208</u>

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

General Government	\$ 117,825
Court	1,526
Police	185,770
Fire	148,968
Building Inspection	9,310
Public Works	352,482
Sanitation	125,078
Community Development	1,965
Economic Development	7,172
Total Depreciation Expense	<u>\$ 950,096</u>

The City entered into a contract with Town & Country Construction on October 15, 2007 in the amount of \$788,375 for the Maxwell Avenue Façade Project. On July 22, 2008, the city entered a contract with AOS Specialty Contractors, Inc. in the amount of \$1,023,070 for the streetscape improvements related to the Maxwell Avenue Façade Project. These contracts will be paid with South Carolina Department of Commerce Grant funds, local owner funds and hospitality tax funds. The grant was fully expended at the end of 2008. The remaining commitments on these contracts were approximately \$937,200 at December 31, 2008.

NOTE 5 – Interfund receivables, payables, and transfers

Interfund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 86,151	\$ 61,115
Hospitality Tax Fund		52,055
RIF II - Maxwell Ave Phase IV	40,303	
Special Revenue Funds:		
4CR05003		2,160
Local Accommodations Tax Fund	20,933	121
Police Forfeiture Fund		100
Victims' Assistance		2,015
Rural Infrastructure Grant		3,271
SC DOT TEA-21 Grant - Phase IV		20,000
SC DOT TEA-21 Grant – Phase V		6,550
	<u>\$ 147,387</u>	<u>\$ 147,387</u>

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, 2008, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 10,996
Hospitality Tax Fund	-	260,980
RIF II - Maxwell Ave Phase IV	74,173	-
Special Revenue Funds:		
FEMA Grant	10,996	
TEA21 Grant	135,383	
4CR05003	51,424	-
	<u>\$ 271,976</u>	<u>\$ 271,976</u>

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 Maxwell Avenue Phase IV, the 4CR05003 and the TEA-21 Grant Special Revenue Fund were made to match grants received from state agencies. Transfer from the General Fund to the FEMA grant was to match grants received from the federal government.

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, 2008:

	Balance 31-Dec-07	Additions	Reductions	Balance 31-Dec-08	Due Within One Year
Capital Lease Payable:					
Fire Truck	\$ 130,756	\$ -	\$ (65,316)	\$ 65,440	\$ 65,440
Finance Software and Equipment	21,599	-	(10,598)	11,001	11,001
Finance Software and Equipment	3,093		(3,093)	-	-
Finance Software and Equipment	16,059		(7,886)	8,173	8,173
2007 Platform Fire Truck	780,000		(98,696)	681,304	102,663
Compensated Absences	555,270	365,393	(289,767)	630,896	352,671
CPW Agreement	557,230		(5,355)	551,875	15,085
Infrastructure Reimbursement Agreements	1,562,573		(94,307)	1,468,266	94,065
Totals	\$ 3,626,580	\$ 365,393	\$ (575,018)	\$ 3,416,955	\$ 649,098

Long-Term Debt at December 31, 2008 was comprised of the following:

Capital lease payable to First Citizens Bank for a fire truck, payable in five annual installments of \$69,642 on April 1, 2005 through 2009, including interest at 3.095%, collateralized by fire truck.	\$ 65,440
Capital lease payable to Banc of America for finance software and equipment, payable in four annual installments of \$11,421 on June 17, 2006 through 2009, including interest at 5.94%, collateralized by software and equipment.	11,001
Capital lease payable to Banc of America for finance software and equipment, payable in four annual installments of \$8,469 on June 3, 2006 through 2009, including interest at 5.67%, collateralized by software and equipment.	8,173
Capital lease 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.	681,304
Total	\$ 765,918

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The cost and accumulated amortization of the assets acquired through these capital leases totaled \$1,364,947 and \$193,167, respectively. Amortization of assets recorded under capital lease obligations has been included with depreciation expense. These leases are subject to annual appropriations by the City Council.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008 are as follows:

	<u>General Fund</u>
2009	\$ 217,427
2010	130,052
2011	130,052
2012	130,052
2013	130,052
2014	<u>130,052</u>
Total minimum lease payments	867,687
Less amount representing interest	<u>(101,769)</u>
Present value of minimum lease payments	<u>\$ 765,918</u>

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 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 \$551,875 at December 31, 2008.

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 9.24% 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, 2008, 2007 and 2006 were \$397,224, \$359,375, and \$304,152, 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 10.65% 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, 2008, 2007, and 2006 were \$201,356, \$193,855, and \$168,563, 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.

In addition to providing retirement benefits, the City provides retired employees certain health care benefits, which are established by the governing body of the City through an ordinance. City employees who retired after December 31, 1999, or 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. Currently, eleven employees meet those eligibility requirements. 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.

The cost of retiree health care benefits is recognized as an expenditure as the premiums are paid. For the year ended December 31, 2008, these costs totaled \$42,767.

In 2004 GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In anticipation of implementing this statement, the City passed an ordinance changing the benefits for employees that retire after December 31, 2008. The City will pay the health insurance premium plus the implicit subsidy rate, up to a maximum of \$540 for pre-Medicare retirees. Different tiers have been established based upon service time with the city. The implicit subsidy will not be paid for any other coverages that an employee might elect for dependent coverage.

Statement No. 45 establishes standards for the measurement, recognition and display of Other Post Employment Benefits ("OPEB") expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City is required to adopt Statement No. 45 in fiscal year 2009 and has completed the preliminary work for obtaining an actuarial valuation. Management has received a draft report and estimates its Annual Required Contribution (ARC) for 2009 to be \$107,000. Based on the draft report, management estimates the city's OPEB current unfunded actuarial accrued liability under Statement No. 45 to be approximately \$1,359,000.

NOTE 8 – Contingencies

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.

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. For 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 with the exception of workers compensation, in which settlements have exceeded premiums in one 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.

City of Greenwood, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,877,000	\$ 4,877,000	\$ 4,965,580	\$ 88,580
Licenses	3,221,500	3,221,500	3,080,009	(141,491)
Intergovernmental	1,530,645	1,530,645	1,453,709	(76,936)
Fines and Forfeits	807,500	807,500	829,388	21,888
Charges For Services	1,272,782	1,272,782	1,217,172	(55,610)
Commission of Pub Wks Contribution	1,200,000	1,200,000	1,250,637	50,637
Interest	155,000	155,000	85,014	(69,986)
Total revenues	<u>13,064,427</u>	<u>13,064,427</u>	<u>12,881,509</u>	<u>(182,918)</u>
EXPENDITURES				
Current:				
General Government	1,134,639	1,164,639	1,139,725	24,914
Court	337,750	337,750	317,556	20,194
Police	4,021,333	4,021,333	3,860,458	160,875
Fire	2,701,501	2,692,607	2,588,686	103,921
Building Inspection	452,324	452,324	402,278	50,046
Public Works	1,689,718	1,689,718	1,351,638	338,080
Sanitation	1,193,862	1,208,243	1,201,445	6,798
Non-Departmental	1,150,346	1,150,346	1,117,111	33,235
Capital Outlay:	1,497,424	1,568,041	1,521,079	46,962
Debt service:				
Principal Retirement	288,505	288,505	285,250	3,255
Interest	37,021	37,021	37,079	(58)
Total debt service	<u>325,526</u>	<u>325,526</u>	<u>322,329</u>	<u>3,197</u>
Total expenditures	<u>14,504,423</u>	<u>14,610,527</u>	<u>13,822,305</u>	<u>788,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,439,996)</u>	<u>(1,546,100)</u>	<u>(940,796)</u>	<u>605,304</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	24,000	24,000	50,250	26,250
Transfers Out	-	(10,996)	(10,996)	-
Total other financing sources and uses	<u>24,000</u>	<u>13,004</u>	<u>39,254</u>	<u>26,250</u>
Net change in fund balances	(1,415,996)	(1,533,096)	(901,542)	631,554
Fund balances -- beginning	6,033,642	6,033,642	6,033,642	-
Fund balances -- ending	<u>\$ 4,617,646</u>	<u>\$ 4,500,546</u>	<u>\$ 5,132,100</u>	<u>\$ 631,554</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
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2008

	Community Development Block Grants					
	85L02	3L87005	3L89013	4L02014	4CI05021	4CR05003
ASSETS						
Cash and Investments	\$ 63,148	\$ 81,694	\$ 34,718	\$ 33,738	\$ -	\$ 402
Accounts Receivable	75	4,010	-	-	-	-
Mortgages Receivable	202,444	-	7,844	6,124	-	-
Due From Other Funds	-	-	-	-	-	-
Due From Other Governments	1,695	-	-	-	-	-
Total assets	<u>267,362</u>	<u>85,704</u>	<u>42,562</u>	<u>39,862</u>	<u>-</u>	<u>402</u>
LIABILITIES						
Accounts Payable	-	-	-	-	-	-
Employee Funds Withheld	-	-	-	-	-	-
Accrued Expenses	-	-	-	-	-	-
Deferred Revenue	4,354	-	7,844	6,124	-	-
Due to Other Funds	-	-	-	2,160	-	-
Total liabilities	<u>4,354</u>	<u>-</u>	<u>7,844</u>	<u>8,284</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Reserved	<u>263,008</u>	<u>85,704</u>	<u>34,718</u>	<u>31,578</u>	<u>-</u>	<u>402</u>
Total fund balance	<u>263,008</u>	<u>85,704</u>	<u>34,718</u>	<u>31,578</u>	<u>-</u>	<u>402</u>
Total liabilities and fund balances	<u>\$ 267,362</u>	<u>\$ 85,704</u>	<u>\$ 42,562</u>	<u>\$ 39,862</u>	<u>\$ -</u>	<u>\$ 402</u>

(Continued)

City of Greenwood, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2008

	Local Accommodations Tax Fund	Fireman's Fund	Police Forfeiture Fund	Victims Assistance	HUD - EDI Grant: Museum B-06-SP- SC-0925
ASSETS					
Cash and Investments	\$ 386,684	\$ 6,281	\$ 11,544	\$ 97,159	\$ -
Accounts Receivable	5,346	-	-	-	-
Mortgages Receivable	-	-	-	-	-
Due From Other Funds	20,933	-	-	-	-
Due From Other Governments	-	-	-	-	-
Total assets	<u>412,963</u>	<u>6,281</u>	<u>11,544</u>	<u>97,159</u>	<u>-</u>
LIABILITIES					
Accounts Payable	-	-	116	-	-
Employee Funds Withheld	438	-	-	-	-
Accrued Expenses	3,085	-	-	-	-
Deferred Revenue	-	-	-	-	-
Due to Other Funds	-	-	100	2,136	-
Total liabilities	<u>3,523</u>	<u>-</u>	<u>216</u>	<u>2,136</u>	<u>-</u>
FUND BALANCE					
Reserved	<u>409,440</u>	<u>6,281</u>	<u>11,328</u>	<u>95,023</u>	<u>-</u>
Total fund balance	<u>409,440</u>	<u>6,281</u>	<u>11,328</u>	<u>95,023</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 412,963</u>	<u>\$ 6,281</u>	<u>\$ 11,544</u>	<u>\$ 97,159</u>	<u>\$ -</u>

(Continued)

City of Greenwood, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2008

	SCDOT TEA-21 Grant - Ph IV	SCDOT TEA-21 Grant with County	JAG Grants	FEMA Assistance to Fire Grant	Rural Infrastructure Grants - Magic Johnson Center	Total Nonmajor Governmental Funds
ASSETS						
Cash and Investments	\$ -	\$ -	\$ 34,140	\$ -	\$ -	\$ 749,508
Accounts Receivable	-	-	-	-	-	9,431
Mortgages Receivable	-	-	-	-	-	216,412
Due From Other Funds	-	-	-	-	-	20,933
Due From Other Governments	20,000	6,550	-	-	3,271	31,516
Total assets	<u>20,000</u>	<u>6,550</u>	<u>34,140</u>	<u>-</u>	<u>3,271</u>	<u>1,027,800</u>
LIABILITIES						
Accounts Payable	-	-	-	-	-	116
Employee Funds Withheld	-	-	-	-	-	438
Accrued Expenses	-	-	-	-	-	3,085
Deferred Revenue	-	-	34,140	-	-	52,462
Due to Other Funds	20,000	6,550	-	-	3,271	34,217
Total liabilities	<u>20,000</u>	<u>6,550</u>	<u>34,140</u>	<u>-</u>	<u>3,271</u>	<u>90,318</u>
FUND BALANCE						
Reserved	-	-	-	-	-	937,482
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937,482</u>
Total liabilities and fund balances	<u>\$ 20,000</u>	<u>\$ 6,550</u>	<u>\$ 34,140</u>	<u>\$ -</u>	<u>\$ 3,271</u>	<u>\$ 1,027,800</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, 2008

	Community Development Block Grants					
	85L02	3L87005	3L89013	4L02014	4CI05021	4CR05003
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	3,624
Fines and Forfeits	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	11,873	-
Interest	7,698	914	283	10	-	-
Mortgage Collections	925	1,459	2,269	6,048	-	-
Total revenues	<u>8,623</u>	<u>2,373</u>	<u>2,552</u>	<u>6,058</u>	<u>11,873</u>	<u>3,624</u>
EXPENDITURES						
Economic Development	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community Development	-	24,238	6,123	4,660	16,873	58,051
Total expenditures	<u>-</u>	<u>24,238</u>	<u>6,123</u>	<u>4,660</u>	<u>16,873</u>	<u>58,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,623</u>	<u>(21,865)</u>	<u>(3,571)</u>	<u>1,398</u>	<u>(5,000)</u>	<u>(54,427)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers Out	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	51,424
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,424</u>
Net change in fund balances	8,623	(21,865)	(3,571)	1,398	(5,000)	(3,003)
Fund balances -- beginning	254,385	107,569	38,289	30,180	5,000	3,405
Fund balances -- ending	<u>\$ 263,008</u>	<u>\$ 85,704</u>	<u>\$ 34,718</u>	<u>\$ 31,578</u>	<u>\$ -</u>	<u>\$ 402</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, 2008

	Local Accommodations Tax Fund	Fireman's Fund	Police Forfeiture Fund	Victims Assistance	HUD - EDI Grant: Museum B-06-SP- SC-0925
REVENUES					
Taxes	\$ 233,904	\$ -	\$ -	\$ -	\$ -
Intergovernmental	41,183	33,026	-	-	120,465
Fines and Forfeits	-	-	7,986	68,629	-
Contributions and Donations	-	-	-	-	-
Interest	5,384	3	4	1,140	-
Mortgage Collections	-	-	-	-	-
Total revenues	<u>280,471</u>	<u>33,029</u>	<u>7,990</u>	<u>69,769</u>	<u>120,465</u>
EXPENDITURES					
Economic Development	202,774	-	-	-	120,465
Police	-	-	9,193	74,401	-
Fire	-	32,070	-	-	-
Public Works	-	-	-	-	-
Community Development	-	-	-	-	-
Total expenditures	<u>202,774</u>	<u>32,070</u>	<u>9,193</u>	<u>74,401</u>	<u>120,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,697</u>	<u>959</u>	<u>(1,203)</u>	<u>(4,632)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers Out	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	77,697	959	(1,203)	(4,632)	-
Fund balances -- beginning	331,743	5,322	12,531	99,655	-
Fund balances -- ending	<u>\$ 409,440</u>	<u>\$ 6,281</u>	<u>\$ 11,328</u>	<u>\$ 95,023</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, 2008

	SCDOT TEA-21 Grant - Ph IV	SCDOT TEA-21 Grant with County	JAG Grants	FEMA Assistance to Fire Grant	Rural Infrastructure Grants - Magic Johnson Center	Total Nonmajor Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,904
Intergovernmental	187,613	6,550	433	98,964	128,271	620,129
Fines and Forfeits	-	-	-	-	-	76,615
Contributions and Donations	-	-	-	-	-	11,873
Interest	-	-	-	-	-	15,436
Mortgage Collections	-	-	-	-	-	10,701
Total revenues	<u>187,613</u>	<u>6,550</u>	<u>433</u>	<u>98,964</u>	<u>128,271</u>	<u>968,658</u>
EXPENDITURES						
Economic Development	-	-	-	-	-	323,239
Police	-	-	433	-	-	84,027
Fire	-	-	-	109,960	-	142,030
Public Works	322,996	6,550	-	-	-	329,546
Community Development	-	-	-	-	128,271	238,216
Total expenditures	<u>322,996</u>	<u>6,550</u>	<u>433</u>	<u>109,960</u>	<u>128,271</u>	<u>1,117,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,383)</u>	<u>-</u>	<u>-</u>	<u>(10,996)</u>	<u>-</u>	<u>(148,400)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	<u>135,383</u>	<u>-</u>	<u>-</u>	<u>10,996</u>	<u>-</u>	<u>197,803</u>
Total other financing sources and uses	<u>135,383</u>	<u>-</u>	<u>-</u>	<u>10,996</u>	<u>-</u>	<u>197,803</u>
Net change in fund balances	-	-	-	-	-	49,403
Fund balances -- beginning	-	-	-	-	-	888,079
Fund balances -- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 937,482</u>

City of Greenwood, South Carolina
Schedule of Municipal Court Fines, Assessments, and Surcharges
For the Year Ended December 31, 2008

	<u>Collected by</u> <u>Municipal Court</u>	<u>Retained by City</u> <u>Treasurer</u>	<u>Remitted to</u> <u>State Treasurer</u>	<u>Allocated to</u> <u>Victims</u> <u>Assistance</u>
Fines	\$ 321,628	\$ 321,628	\$ -	\$ -
Assessments	349,539	37,279	312,260	37,279
Surcharges	175,551	31,350	144,201	31,350
				<u>\$ 68,629</u>
Expenditures:				
Personnel				\$ 65,310
Operating				<u>9,091</u>
Total Expenditures				<u>\$ 74,401</u>
Beginning Balance Forward				\$ 99,655
Total Revenues				68,629
Interest Earned				1,140
Total Expenditures				<u>(74,401)</u>
Balance Carried Forward to 2008				<u>\$ 95,023</u>

PART II
COMPLIANCE SECTION

**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
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, 2008, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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 other government entities with oversight responsibility and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
February 27, 2009