

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

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

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## INTRODUCTORY SECTION

November 9, 2009 (Change to match auditor's report)

The Honorable Members of City Council and the Citizens of City of Hardeeville, South Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of City of Hardeeville for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the City has established a comprehensive internal control framework, that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, City of Hardeeville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. City of Hardeeville's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City founded in 1911 is located in the Southeastern part of South Carolina, just north of Savannah, Georgia. The City currently occupies a land area of 51.3 square miles and serves a population of 3,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City operates under the council manager form of government. Policy-making and legislative authority are vested in a governing council consisting of five members. The governing council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The four Council members and mayor are each elected to four-year staggered terms, with three council members elected every two years.

The City provides a full range of services including: police and fire protection, the maintenance of streets, recreational infrastructure, recreational activities, cultural events, court services, and economic development.

The annual budget serves as the foundation for the City's financial planning and control. All departments of City of Hardeeville are required to submit requests for appropriations to the manager on or before the last day in March each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to May 15th. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 38 as part of the required supplementary information for governmental funds. The special revenue fund budgets are presented on pages 44-47 as part of the supplementary information.

## **Factors Affecting Financial Condition**

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

### **Local Economy**

The City's fiscal year 2009 assessable base is \$14,414,430, up 32% from the assessable base of \$10,956,650 in fiscal year 2008. Per capita income for the City for census year 2000 was \$11,795 compared to \$17,683 for Jasper County as a whole and \$24,424 for South Carolina. Median household income in the City, according to the 2000 census records, was \$28,977.

The U.S. Census Bureau's 2009 population estimate for City of Hardeeville is 3,000. A recent study completed by Clemson University's Strom Thurmond Institute projected that City of Hardeeville will grow in population to 127,000 residents by 2026.

City of Hardeeville is the gateway to the Hilton Head Island and the Beaufort City tourism market because of Interstate 95 that runs north and south through the middle of the City for a distance of 5 miles with two interchanges. Two primary corridors, US 278 running east/west and SC 170 running north/south, accommodate a majority of the tourist traffic in both Jasper and Beaufort Counties. Most of City of Hardeeville's large scale residential and commercial growth is occurring along these corridors. City of Hardeeville and Beaufort City have adopted SC 170/US 278 Corridor Access Management Plans. The plans define access management standards, future signal locations, integration requirements and median requirements for the two corridors to accommodate development in these areas.

The City of Hardeeville has a variety of large and small residential, commercial, and industrial projects on the horizon. There are more than ten (10) Planned Development Districts approved and more than five (5) in process, in addition to other projects located throughout the city. Two of the major commercial projects include Okatie Crossings, a 282 acre mixed use development with up to 2.8 million square feet of commercial and 1,000 residential units, and Hardee Station, featuring several hotel and restaurant sites. Industrial projects include those such as the 100,000 square foot Antunes Commercial project within the Hardeeville Tract, and approximately ten (10) smaller operations in the Hardeeville Industrial Park, Deerfield Industrial Park, Exit 8 Commerce Park, and other prime locations throughout the City. Several multifamily projects, including 159-unit Shell Brook, 172-unit Fisherman's Cove, and 254-unit Courtney Bend, will be coming online as well. With the uncertainty of the markets and without developer input, absolute projections of other impending development cannot be precisely quantified.

The University of South Carolina (USCB) has constructed a four-year university campus in Jasper and Beaufort Counties along US 278. The Technical College of the Lowcountry (TCL) has also constructed a "New River Campus" along US 278.

An auto mall facility has been constructed in this area. Jaguar, Nissan, Dodge, Jeep/Chrysler, Hyundai, Infiniti, Mazda, and Porsche dealerships have been constructed there. A Ford/Lincoln/Mercury dealership, purported to be the largest of its kind in the nation, has also located in this area. The permitting of additional auto dealerships is in progress.

The states of Georgia and South Carolina have joined forces to develop a bi-state port authority to construct and operate a new deep water shipping terminal in City of Hardeeville on approximately 1,500 acres of land that is currently owned by the Georgia Department of Transportation. A joint project office is to be established while the process to create the bi-state authority proceeds. The project office will be responsible for obtaining permitting and gaining control of the property which is to be purchased jointly by both states. The new terminal will have a tremendous impact on the local economy and presents the potential for substantial financial benefit to City of Hardeeville. It has been estimated that the new marine terminal will produce 450 direct jobs and as many as 98,000 new jobs in the region.

A recent, positive development for the City is the acceptance by the South Carolina State Infrastructure Bank of the "Exit 3" project. This new exit and interchange will provide a direct route to US highway 17, improvements to the US 321 interchange, as well as access to the planned Riverport development. The Exit 3 project currently sits on the South Carolina Department of Transportation's state transportation improvement project list, on the LCCOG priority plan, and has received \$500,000 in funding from Congress for the environmental impact study and interchange justification report. The economic impact will be considerable; in five years the project is expected to create over 6,000 permanent jobs, with the first phase of the project expected to generate over \$3.1 million or 50% increase in annual revenues for the City of Hardeeville. At build-out (in 30 years) the project is expected to create over 28,000 permanent jobs—eclipsing the BMW plant in Spartanburg in terms of economic impact.

### **Long-term Financial Planning**

City of Hardeeville has spent much time and effort in the past three years trying to understand and manage the growth it is experiencing and the future growth that is anticipated. One of the City's primary concerns is that the necessary planning and growth management tools are implemented to assure that the future cost of providing City services does not exceed the revenues received from the new growth. To that end, the City has developed a growth strategy that has encouraged a vast majority of all of the residential and commercial development to take place within the corporate boundaries of either the City of Hardeeville or the Town of Ridgeland.

The City also hired Clemson University to study the fiscal implications of the City's growth strategy on City of Hardeeville, Jasper County, and the Town of Ridgeland. The resulting fiscal impact model used in Clemson University's January 2006 Fiscal Impact Assessment estimates that additional revenue from the growth will cover the growth-related capital and operating expenditures of City of Hardeeville under every scenario analyzed.

With most of the planned residential and commercial development, City of Hardeeville and Jasper County and Ridgeland have been involved in jointly negotiating development agreements with developer fees that offset the initial cost of providing additional government services beyond property tax revenue generated from the development. Fees are assessed to assist the entities with providing school, library, police, fire and parks & recreation infrastructure and services. When and if the residential and commercial development proceeds as proposed, the City and its municipalities will receive approximately \$300 million in voluntary developer fees.

### **Significant Accounting Policies**

The City has entered into development agreements with several developers. A City Development Fund has been established to account for the developments. The agreements contain special assessments and impact fees to reimburse the City for costs associated with the developments. The City has entered into one municipal improvement district bond that is for infrastructure and is payable solely from the special assessments in the development.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This is the second year that the City has prepared a comprehensive annual financial report.

A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report was made possible by the cooperation of the department heads and staff of the City. Each of these individuals has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,

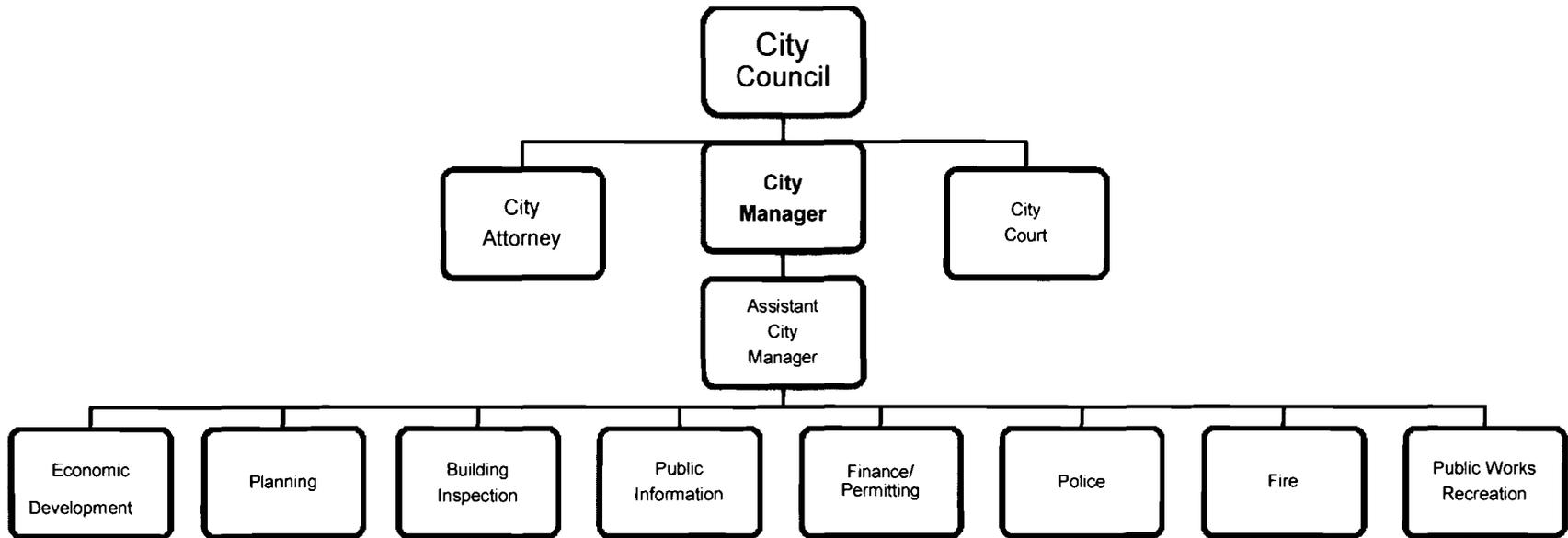


Theodore B. "Ted" Felder  
Interim City Manager



Dennis Averkin  
Director of Finance and Administration

CITY OF HARDEEVILLE, SOUTH CAROLINA  
ORGANIZATIONAL CHART



**CITY OF HARDEEVILLE, SOUTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2009**

TITLE	NAME
Mayor.....	Bronco Bostick
Mayor Pro-Tem.....	Roy Powell
Council Member.....	A. Brooks Willis
Council Member.....	Michael Foskey
Council Member.....	Bill Horton
City Manager (resigned November 16, 2009).....	Kevin Griffin
Interim City Manager (since November 16, 2009).....	Theodore B. "Ted" Felder
Assistant City Manager.....	Jeff Slocum
Finance/Permitting.....	Dennis Averkin
Planning.....	Branan Snowden
Economic Development.....	Ted Felder
Public Information.....	Juan Singleton
Public Works/Recreation.....	Joe Gailey
Fire.....	Dan Morgan
Police.....	Richard Nagy
Court.....	John Carroll

## FINANCIAL SECTION

**INDEPENDENT AUDITORS' REPORT**

**WILL BE INSERTED WHEN THE AUDIT IS COMPLETED**

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## **City of Hardeeville, South Carolina** **Management's Discussion and Analysis**

As management of City of Hardeeville, South Carolina (Hardeeville), we offer readers of Hardeeville's financial statements this narrative overview and analysis of the financial activities of Hardeeville for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### **Financial Highlights**

- The assets of Hardeeville exceed its liabilities at the close of the most recent fiscal year by \$10,529,490 (net assets). Of this amount, \$6,643,386 represents the investment in capital assets less depreciation and debt on those assets and \$3,690,589 is reserved for other purposes. The remaining balance of \$195,515 represents unrestricted net assets. Hardeeville's total net assets increased by \$1,874,634.
- As of the close of the current fiscal year Hardeeville's governmental funds reported a combined ending fund balance of \$7,798,300, a decrease of \$5,343,412.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$868,984, or 16 percent of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Hardeeville's basic financial statements. Hardeeville'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 Hardeeville's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how Hardeeville's net assets changed during the most recent fiscal year. Changes in net assets are reported on a full accrual basis, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of Hardeeville that are supported by general revenues such as taxes and fees. The governmental activities of Hardeeville include programs related to general government, council, building and zoning, economic development, public works, police, courts, parks and recreation, and fire protection. Hardeeville currently has no business type activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been grouped for specific activities. Hardeeville like other public agencies uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the programs of Hardeeville can be divided into governmental 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 financial resources available at the end of the fiscal year. Such information may be useful in evaluating Hardeeville's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the two for similar activities and programs. 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 assist in this comparison of governmental programs and governmental activities.

Hardeeville maintains thirteen 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 development fund, and the debt service fund. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Hardeeville adopts an annual budget for the general fund and the accommodations and hospitality tax special revenue funds. A statement comparing actual to budgeted revenues and expenditures has been provided to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparative schedules on the general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Included in other supplementary information is the approved budget to actual comparison schedules for nonmajor governmental funds. Also included in other supplementary information is a schedule of court fines, fees, and assessments in accordance with guidelines established by the State of South Carolina.

## Government-wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of a public government's financial position. In the case of City of Hardeeville, South Carolina assets exceeded liabilities by \$10,529,490 in 2009. Comparative information is presented for the 2008 fiscal year report. The following table reflects the condensed government-wide statement of net assets.

	CITY OF HARDEEVILLE, SOUTH CAROLINA NET ASSETS	
	Governmental Activities	
	2009	2008
Current and Other Assets	\$ 8,820,303	\$ 15,599,577
Capital Assets	23,136,100	15,712,381
<b>Total Assets</b>	<b>31,956,403</b>	<b>31,311,958</b>
Long-term Liabilities Outstanding	20,796,424	19,996,428
Other Liabilities	630,489	2,660,674
<b>Total Liabilities</b>	<b>21,426,913</b>	<b>22,657,102</b>
<b>Net Assets</b>		
Investment in Capital Assets, Net of Related Debt	6,643,386	5,940,023
Unrestricted	195,515	259,726
Restricted	3,690,589	2,455,107
<b>Total Net Assets</b>	<b>\$ 10,529,490</b>	<b>\$ 8,654,856</b>

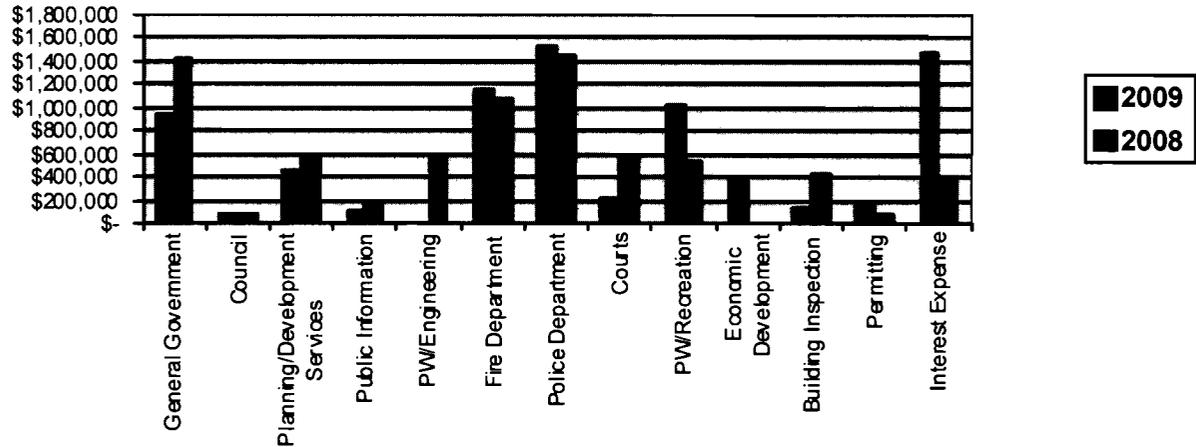
The portion of Hardeeville's net assets \$6,643,386 (63 percent) reflects its investment in capital assets less the related debt on capital assets. These capital assets are not available for future spending. Although Hardeeville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The changes in capital assets can be attributed to the use of restricted cash of \$5.5 million for construction in progress in Hilton Head Lakes and the completion of the recreation project of \$1.5 million. Additionally, two buildings costing \$1.9 million were added through the issuance of \$1.2 million debt and developer contributions. Other liabilities decreased because deferred revenues of \$1,179,043 for the recreation project was recognized during the year and compensated absences were reclassified from long-term to short-term in the amount of \$359,000. Net assets of \$3,690,589 represent restrictions relating to the use of these assets. The remaining net assets of \$195,515 (2 percent) are unrestricted.

**Governmental activities.** Hardeeville's total net assets increased by \$1,874,634. Comparative information has been presented for the prior year. Line item analysis of this increase is shown in the following table.

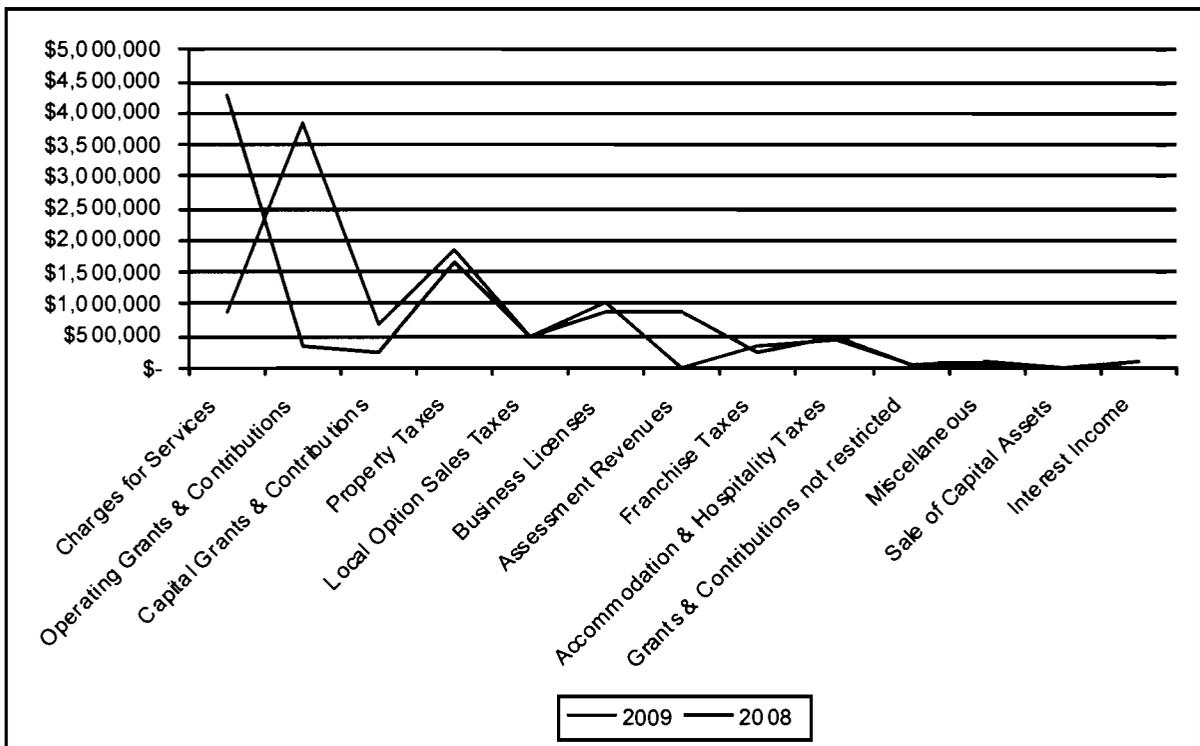
<b>CITY OF HARDEEVILLE, SOUTH CAROLINA CHANGE IN NET ASSETS</b>		
	<b>Governmental Activities</b>	
	<b>2009</b>	<b>2008</b>
<b>Expenses</b>		
General Government	\$ 950,122	\$ 1,424,512
Council	98,117	91,352
Planning/Development Services	466,065	577,065
Public Information	111,052	189,273
Fire Department	1,158,875	1,083,420
Police Department	1,539,834	1,464,601
Courts	211,584	587,909
Public Works/Recreation	1,026,432	1,110,256
Economic Development	401,540	-
Building Inspection	151,804	446,074
Permitting	182,602	80,031
Interest	1,300,239	402,042
<b>Total expenses</b>	<b>7,598,266</b>	<b>7,456,535</b>
<b>Program Revenues</b>		
Charges for Services	1,620,921	2,330,528
Operating Grants and Contributions	967,281	3,156,955
Capital Grants and Contributions	2,608,261	224,695
<b>Total program revenues</b>	<b>5,196,463</b>	<b>5,712,178</b>
<b>General Revenues</b>		
Property Taxes	1,831,780	1,639,360
Local Option Sales Taxes	486,371	511,135
Business Licenses	1,016,468	875,543
Franchise Taxes	337,373	244,636
Accommodation and Hospitality Taxes	448,384	469,386
Grants and contributions not restricted to specific programs	60,097	58,544
Interest Income	9,872	119,795
Sale of Capital Assets	-	850
Miscellaneous	86,092	54,353
<b>Total general revenues</b>	<b>4,276,437</b>	<b>3,973,602</b>
Increase in net assets	1,874,634	2,229,245
Net assets – beginning	8,654,856	6,425,611
Net assets – ending	<b>\$ 10,529,490</b>	<b>\$ 8,654,856</b>

The City's net assets increased by \$1,874,634 during the current fiscal year. About one-half of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Additionally, land valued at \$657,000 was donated to the City and a developer contributed \$921,750 toward the purchase of two office buildings and police cars.

**Expenses – Governmental Activities**



**Revenues by Source – Governmental Activities**



## Financial Analysis of the Government's Funds

The City of Hardeeville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Hardeeville's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. This information is useful in assessing Hardeeville's financing requirements. Specifically, unreserved fund balances serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The major governmental funds consist of the general fund, debt service fund, and the development fund. At the end of the current fiscal year, Hardeeville's governmental funds reported combined ending fund balances of \$7,798,300 a decrease of \$5,343,412. This decrease can be attributed to the capital outlay in the development fund and the payment of interest in the development fund.

The reserved portion of the development fund of \$4,872,383 consists of \$4,215,383 for economic development and \$657,000 as property held for resale. The \$1,334,620 represents cash held for debt payments in the debt service fund. The reserved portion of the nonmajor funds of \$341,786 consists of \$210,742 for property held for resale and \$131,044 for cash held for debt retirement. The general fund unreserved fund balance is \$868,984 which represents the general fund balance in its entirety, which is available for spending at the City's discretion.

## Capital Assets and Debt Administration

**Capital Assets.** Hardeeville's investment in capital assets for its governmental type activities as of June 30, 2009 amounts to \$23,136,100 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, land improvements, furniture and equipment, vehicles, and infrastructure. Increases in Hardeeville's investment in capital assets for the current fiscal year was \$7,950,768 that included \$41,950 for vehicles, \$3,564,864 for land, buildings and improvements, \$4,254,254 for construction in progress related to infrastructure in a development, and \$89,700 for equipment. Depreciation expense was \$527,049 for the year.

Additional information on Hardeeville's capital assets can be found in note 4.

	Governmental Activities	
	2009	2008
Construction in Progress	\$ 8,753,912	\$ 5,820,620
Land and Improvements	6,309,809	4,513,518
Buildings and Improvements	4,472,162	1,506,308
Furniture and Equipment	567,093	583,901
Vehicles	1,298,259	1,486,940
Infrastructure	1,734,865	1,801,094
Total	\$ 23,136,100	\$ 15,712,381

**Long-term debt.** At the end of the current fiscal year, Hardeeville had long-term debt outstanding in the amount of \$20,275,260 which represented an increase of \$261,594. A \$1,265,000 revenue bond was issued during the year to finance the purchase of office buildings for the City. The City also has \$15,017,000 of special assessment debt outstanding on a municipal improvement district.

**CITY OF HARDEEVILLE, SOUTH CAROLINA LONG-TERM DEBT OUTSTANDING**

	Governmental Activities	
	2009	2008
Revenue Bonds	\$ 1,180,000	\$ -
Special Assessment Debt	15,017,000	15,470,000
General Obligation Bonds	401,796	435,774
Leases Payable	<u>3,676,464</u>	<u>4,107,892</u>
Total	<u>\$ 20,275,260</u>	<u>\$ 20,013,666</u>

**Economic Factors and Next Year's Budget**

- The City's annual budget includes the General Fund and four Special Revenue funds for local hospitality and accommodation taxes and state accommodation taxes. For fiscal year 2009-2010, the City Council has approved an annual budget in the amount of \$6,673,421, an increase of \$534,382 over the prior year. However, millage of 153 remains unchanged from the prior year.
- The unemployment rate for the City is currently 11.2 percent, an increase from 5.7 percent a year ago.
- The City has entered into several development agreements. These developments are dependent to a large degree on the national economy. Activity has increased in the current fiscal year; however, one developer has defaulted on its development agreement.

**Requests for information**

This financial report is designed to provide a general overview of City of Hardeeville, South Carolina 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 City Finance Director, City of Hardeeville, South Carolina, 205 E. Main Street, P.O. Box 609, Hardeeville, South Carolina, 29927.

**BASIC  
FINANCIAL STATEMENTS**

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

		<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>		
Cash	\$	1,264,390
Receivables		743,985
Cash Restricted		5,400,367
Property Held for Resale		867,742
Bond Issuance Costs		543,819
Capital Assets, not being depreciated		11,066,496
Capital Assets, being depreciated		12,069,604
Total Assets	\$	<u>31,956,403</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts Payable	\$	73,269
Salaries and Benefits Payable		90,358
Accrued Interest Payable		264,692
Deferred Revenue		202,170
Noncurrent Liabilities		
Due Within One Year		945,999
Due In More Than One Year		19,850,425
Total Liabilities		<u>21,426,913</u>
Net Assets		
Invested in capital assets, net of related debt		6,643,386
Unrestricted		195,515
Restricted for:		
Economic Development		2,024,836
Debt Service		1,285,226
Other Purposes		380,527
Total Net Assets		<u>10,529,490</u>
Total Liabilities and Net Assets	\$	<u>31,956,403</u>

The notes to the financial statements are an integral part of this statement.



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

	GENERAL FUND	DEVELOPMENT FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash	\$ 943,292	\$ -	\$ -	\$ 321,098	\$ 1,264,390
Receivables	678,996	-	-	64,989	743,985
Restricted Cash	-	3,934,703	1,334,620	131,044	5,400,367
Due from Other Funds	5,475	468,307	-	7,866	481,648
Property Held for Resale	-	657,000	-	210,742	867,742
Total Assets	\$ 1,627,763	\$ 5,060,010	\$ 1,334,620	\$ 735,739	\$ 8,758,132
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 73,184	\$ -	\$ -	\$ 85	\$ 73,269
Salaries and Benefits Payable	90,358	-	-	-	90,358
Deferred Revenue	126,930	187,627	-	-	314,557
Due to Other Funds	468,307	-	-	13,341	481,648
Total Liabilities	758,779	187,627	-	13,426	959,832
 <b>Fund Balances</b>					
Unreserved	868,984	-	-	-	868,984
Reserved Fund Balance	-	4,872,383	1,334,620	341,786	6,548,789
Unreserved, reported in:					
Nonmajor Special Revenue Funds	-	-	-	380,527	380,527
Total Fund Balances	868,984	4,872,383	1,334,620	722,313	7,798,300
Total Liabilities and Fund Balances	\$ 1,627,763	\$ 5,060,010	\$ 1,334,620	\$ 735,739	\$ 8,758,132

The notes to the financial statements are an integral part of this statement.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

Total net assets reported for governmental activities in the statement of net assets is different because:

Total fund balances for governmental funds \$ 7,798,300

Capital assets used in Hardeeville's activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Construction in Progress	\$ 8,753,912	
Land and improvements, net of \$346,208 accumulated depreciation	6,309,809	
Buildings and improvements, net of \$263,710 accumulated depreciation	4,472,162	
Furniture and equipment, net of \$535,580 accumulated depreciation	567,093	
Vehicles, net of \$1,125,863 accumulated depreciation	1,298,259	
Infrastructure, net of \$195,368 accumulated depreciation	<u>1,734,865</u>	
Total Capital Assets		23,136,100

Some of the City's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 112,387

Expenditures relating to the issuance of bonds is reported as an expenditure in the funds statement but amortized over the life of the bond in the statement of net assets. 543,819

Long-term liabilities applicable to the Hardeeville's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net assets. Balances at June 30, 2009 are:

Interest Payable	(264,692)	
Compensated absences	(521,164)	
Current and Long-term Debt	<u>(20,275,260)</u>	
Total Long-Term Liabilities		<u>(21,061,116)</u>

Total net assets of governmental activities \$ 10,529,490

**CITY OF HARDEEVILLE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	GENERAL FUND	DEVELOPMENT FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues</b>					
Taxes	\$ 2,892,878	\$ -	\$ -	\$ 420,258	\$ 3,313,136
Fines, Fees, and Licenses	2,062,876	-	-	145,421	2,208,297
Special Assessments	766,465	2,035,656	166,867	-	2,968,988
Donations	-	657,000	-	-	657,000
Intergovernmental	120,097	-	-	-	120,097
Miscellaneous	255,739	73,405	13,571	25,521	368,236
Total Revenues	<u>6,098,055</u>	<u>2,766,061</u>	<u>180,438</u>	<u>591,200</u>	<u>9,635,754</u>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	768,205	-	-	62,069	830,274
Council	98,117	-	-	-	98,117
Planning/Development Services	348,305	-	-	108,869	457,174
Public Information	116,449	-	-	-	116,449
Fire Department	1,044,196	-	-	2,423	1,046,619
Police Department	1,365,692	-	-	29,819	1,395,511
Courts	208,016	-	-	-	208,016
Public Works/Recreation	759,782	-	-	62,671	822,453
Economic Development	122,782	274,758	-	-	397,540
Building Inspection	151,804	-	-	-	151,804
Permitting	173,555	-	-	-	173,555
<b>Debt Service:</b>					
Principal	290,204	-	453,000	260,202	1,003,406
Interest	77,447	1,247,418	-	147,516	1,472,381
Bond Issue Costs	-	-	-	120,099	120,099
<b>Capital Outlay:</b>					
General Government	13,038	880,000	-	1,020,000	1,913,038
Police Department	-	41,950	-	-	41,950
Public Works/Recreation	-	1,741,526	-	-	1,741,526
Economic Development	-	4,254,254	-	-	4,254,254
Total Expenditures	<u>5,537,592</u>	<u>8,439,906</u>	<u>453,000</u>	<u>1,813,668</u>	<u>16,244,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>560,463</u>	<u>(5,673,845)</u>	<u>(272,562)</u>	<u>(1,222,468)</u>	<u>(6,608,412)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	(125,936)	(200,000)	(35,894)	(248,186)	(610,016)
Transfers In	448,186	35,894	-	125,936	610,016
Issuance of Debt	-	-	-	1,265,000	1,265,000
Total Financing Sources (Uses)	<u>322,250</u>	<u>(164,106)</u>	<u>(35,894)</u>	<u>1,142,750</u>	<u>1,265,000</u>
Net change in fund balances	882,713	(5,837,951)	(308,456)	(79,718)	(5,343,412)
Fund balances, beginning of year	(13,729)	10,710,334	1,643,076	802,031	13,141,712
Fund balances, end of year	<u>\$ 868,984</u>	<u>\$ 4,872,383</u>	<u>\$ 1,334,620</u>	<u>\$ 722,313</u>	<u>\$ 7,798,300</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HARDEEVILLE, 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 JUNE 30, 2009**

The change in net assets reported for governmental activities in the statement of activities is different because:

Net change in fund balances -- total governmental funds	\$ (5,343,412)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$7,950,768) was more than depreciation (\$527,049) in the current period.	7,423,719
Proceeds of debt are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability.	(1,265,000)
Repayment of debt principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	1,003,406
Interest is recorded as paid in the governmental funds but is accrued as a liability in the governmental statements.	(8,296)
Revenues recognized in the statement of activities that were not reported as revenues in the funds.	17,584
Expenditures relating to the issuance of bonds is reported as an expenditure in the funds statement but amortized over the life of the bond in the statement of net assets.	97,076
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.	
Compensated absences	<u>(50,443)</u>
Total change in net assets of governmental activities	<u><u>\$ 1,874,634</u></u>

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Hardeeville, South Carolina (the "City") is a political subdivision of the State of South Carolina, operating under the Council-Manager form of government to provide services authorized by its charter. It is governed by an elected board (the "Council") which is governed by state statutes and regulations. Its main services are general government, council, planning and development services, public information, building inspection, fire department, police department, courts, public works and recreation, permitting, and economic development.

**REPORTING ENTITY**

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above criteria, the City of Hardeeville, South Carolina has included the Hardeeville Public Finance Corporation Inc., a 501(c)3 corporation, which is blended into the Development Fund.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the council and the Manager.

The City is primarily funded through taxation, fines and fees. The operating revenues and expenditures are included in the General Fund. The accounting policies of the City conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting.

**Government-Wide-and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The City reports only governmental activities, as there are no business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. Grants 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 60 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, intergovernmental revenues, and other reimbursement type grants associated with the current fiscal period are all considered to be susceptible to accrual and so 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 City.

The City reports the following major governmental funds:

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

The *development fund* represents the City's receipts and disbursements for developer fees negotiated under development agreements.

The *debt service fund* represents the accounts that are used to accumulate funds for the payment of the special assessment debt.

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.

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, and Net Assets or Equity**

Deposits and Investments

The City'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 authorized by state statute to invest in the following:

- Obligations of the United States and its agencies;
- General obligations of the State of South Carolina and its political units;
- Savings and loan associations to the extent that the same are insured by an agency of the Federal Government; certificates of deposit where the certificates are collaterally secured by securities of the type described above and are held by a third party as escrow agent or custodian, at a market value not less than the amounts of the certificates of deposit plus interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Property tax receivables are shown net of an allowance for uncollectibles.

The City Ordinance provides for the taxation of all real and personal property located within the City limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the City in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15<sup>th</sup> with penalties assessed of 3% if paid after January 15<sup>th</sup>, 10% if paid after January 31<sup>st</sup>, and 15% if paid after March 15<sup>th</sup>. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for fiscal year 2009 is 153 mills.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, and Net Assets or Equity - Continued**

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as property and equipment with an initial, individual cost of more than \$5,000 and buildings and infrastructure assets with an initial, individual cost of more than \$100,000 with 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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50 years
Furniture and Equipment	5-15 years
Vehicles	5-25 years
Infrastructure	25-50 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, and Net Assets or Equity - Continued**

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. Designations of fund balance represent tentative management plans that are subject to change.

Government-wide and fund financial statements must be presented using an all-inclusive format. That is, the results of the current period's activities are to be reported as an addition to (or a deduction from) equity at the beginning of the period to arrive at the closing equity balance. Thus changes in net assets on the government-wide statement of activities is added to (or deducted from) net assets – beginning of the fiscal year to arrive at net assets – end of the fiscal year.

Net assets are defined as the difference between assets and liabilities in the government-wide statement of net assets.

The government-wide statement of net assets reports all government assets; therefore, a significant portion of the net assets reported there typically reflect a government's investment in capital assets. To draw financial statement users' attention to this important information, GAAP requires the amount of net assets invested in capital assets to be reported as a separate category of net assets. Net assets invested in capital assets, net of related debt includes all capital assets less accumulated depreciation and outstanding principal of related debt.

Restrictions may be imposed on a portion of the City's net assets by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as restricted net assets.

GAAP direct that the difference between total net assets and the two categories discussed above (invested in capital assets, net of related debt and restricted net assets) be reported as unrestricted net assets.

Comparative Data

Comparative total data for the prior year has not been presented.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Assets, Liabilities, and Net Assets or Equity - Continued**

Expenses/Expenditures

Consistent with the current financial resources measurement focus, the governmental fund statement of activities reports expenditures rather than expenses. Expenditures in the fund financial statements are presented by character for the governmental funds. The character of an expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (current expenditures) are distinguished from those presumed to benefit both the present and future periods (debt service expenditures and capital outlay expenditures). GAAP also provides for a fourth character classification, intergovernmental expenditures, for situations where one governmental entity provides resources to another.

Government-wide expenses are reported by function. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

**BUDGET AND BUDGETARY ACCOUNTING**

Prior to the start of each fiscal year, the various departments submit to the City Manager a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. The City Manager reviews the budgets and submits them to the City Council. Two public hearings are conducted to obtain taxpayer comments as required by Section 4-9-130 of the South Carolina statutes. Prior to June 30, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. It is unlawful to expend or contract for an expenditure in any fiscal year more than the amount budgeted in each fund pursuant to Section 4-9-140 of the South Carolina statutes.

Budgets are adopted for the general fund and the accommodations and hospitality tax funds. The City does not prepare a budget for its other funds; accordingly, a budget to actual schedule is omitted for these funds.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from these estimates.

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

**NOTE 2 DEPOSITS AND INVESTMENTS**

As of June 30, 2009, the City had all of its cash in interest bearing demand deposit accounts and money market accounts which are invested in U.S. government backed securities.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2009, the bank balance of the City's deposits was \$6,717,137 of which all was insured by the FDIC's Transaction Guarantee Program. Under that program, all noninterest-bearing transaction accounts and low-interest NOW accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules.

**NOTE 3 RECEIVABLES**

Receivables at June 30, 2009, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements:

	<u>General Fund</u>	<u>Other Nonmajor Funds</u>
Taxes Receivable	\$ 242,811	\$ -
Intergovernmental Revenues	318,920	26,221
Miscellaneous	240,688	38,768
Allowance for Uncollectibles	<u>(123,423)</u>	<u>-</u>
Total	<u>\$ 678,996</u>	<u>\$ 64,989</u>

Government funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 112,387	\$ -
Phase 2 Transportation Study	5,500	5,500
Development fees not spent	187,627	187,627
USFW Grant	4,000	4,000
Held for museum expenditures	<u>5,043</u>	<u>5,043</u>
Total	<u>\$ 314,557</u>	<u>\$ 202,170</u>

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

**NOTE 4 PROPERTY AND EQUIPMENT**

A summary of changes in the City's property and equipment is as follows:

<u>Governmental Activities</u>	<u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 2,312,584	\$ -	\$ -	\$ 2,312,584
Construction in progress	5,820,620	5,995,780	3,062,488	8,753,912
Total capital assets, not being depreciated	<u>8,133,204</u>	<u>5,995,780</u>	<u>3,062,488</u>	<u>11,066,496</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	1,699,089	3,036,783	-	4,735,872
Land improvements	2,494,390	1,849,043	-	4,343,433
Furniture and equipment	1,012,973	89,700	-	1,102,673
Vehicles	2,382,172	41,950	-	2,424,122
Infrastructure	<u>1,930,233</u>	<u>-</u>	<u>-</u>	<u>1,930,233</u>
Total capital assets being depreciated	<u>9,518,857</u>	<u>5,017,476</u>	<u>-</u>	<u>14,536,333</u>
Less accumulated depreciation for:				
Buildings and improvements	192,781	70,929	-	263,710
Land improvements	293,456	52,752	-	346,208
Furniture and equipment	429,072	106,508	-	535,580
Vehicles	895,232	230,631	-	1,125,863
Infrastructure	<u>129,139</u>	<u>66,229</u>	<u>-</u>	<u>195,368</u>
Total accumulated depreciation	<u>1,939,680</u>	<u>527,049</u>	<u>-</u>	<u>2,466,729</u>
Total capital assets being depreciated, net	<u>7,579,177</u>	<u>4,490,427</u>	<u>-</u>	<u>12,069,604</u>
Governmental activities capital assets, net	<u>\$ 15,712,381</u>	<u>\$ 10,486,207</u>	<u>\$ 3,062,488</u>	<u>\$ 23,136,100</u>

Depreciation expense was \$527,049 for the year ended June 30, 2009. This amount was allocated to the functional departments as follows:

<u>Governmental Activities</u>	
General Government	\$ 90,652
Fire Department	94,186
Public Works/Recreation	195,225
Planning	13,670
Police Department	130,243
Public Information	<u>3,073</u>
Total	<u>\$ 527,049</u>

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

**NOTE 5 LONG-TERM OBLIGATIONS**

A schedule of changes in long-term indebtedness follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>A Year</u>
Revenue Bonds	\$ -	\$ 1,265,000	\$ 85,000	\$ 1,180,000	\$ 60,000
Special Assessment Debt	15,470,000	-	453,000	15,017,000	19,000
General Obligation Bonds	435,774	-	33,978	401,796	33,340
Leases Payable	4,107,892	-	431,428	3,676,464	474,056
Tax Anticipation Note	-	600,000	600,000	-	-
Compensated Absences	470,721	354,293	303,850	521,164	359,603
<b>Total</b>	<b>\$ 20,484,387</b>	<b>\$ 2,219,293</b>	<b>\$ 1,907,256</b>	<b>\$ 20,796,424</b>	<b>\$ 945,999</b>

**Debt Limitation**

The City's general obligation debt is limited by law to eight percent of the total assessed value of all taxable real and personal property of the district. The latest assessed value was \$14,414,430. The computation of legal debt limits is as follows:

Assessed value (\$14,414,430 X 8%)	\$ 1,153,154
General obligation debt at June 30, 2009	<u>(401,796)</u>
Amount in excess of debt limit	<u>\$ 751,358</u>

**Operating Leases**

The City has operating leases on its office equipment that vary in length. It is anticipated that these leases will be renewed or continued on a monthly basis. These amounts are immaterial to the financial statements.

A summary of long-term debt is as follows:

<u>General Obligation Bond</u>	<u>BALANCE</u>
\$550,000 general obligation bond dated December 19, 2003, due in fifteen annual payments of \$49,779 including interest of 4.09% beginning December 19, 2004, backed by the full faith and credit of the City.	<u>\$ 401,796</u>

The general obligation bond is payable from the general fund. The annual requirement to amortize the general obligation bond as of June 30, 2009 is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 33,340	\$ 16,439	\$ 49,779
2011	34,703	15,076	49,779
2012	36,122	13,657	49,779
2013	37,600	12,179	49,779
2014	39,138	10,641	49,779
2015 - 2019	<u>220,893</u>	<u>28,002</u>	<u>248,895</u>
<b>Total</b>	<b>\$ 401,796</b>	<b>\$ 95,994</b>	<b>\$ 497,790</b>

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

**NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED**

\$498,514 lease payable on a fire truck and response unit payable in nine annual payments of \$67,615 including interest of 4.12% beginning September 29, 2004.	\$ 299,997
\$2,473,000 lease payable on municipal complex payable monthly at \$15,216 including interest of 4.19% beginning January 7, 2004.	1,986,578
\$250,322 lease payable for recreation equipment payable in ten annual payments of \$31,232 including interest of 4.24% beginning July 2005.	162,452
\$800,000 lease payable for recreation equipment payable in ten annual payments of \$97,995 including interest of 3.87% beginning May 10, 2005.	437,856
\$650,000 lease payable for fire truck payable in ten annual installments of \$79,701 including interest of 3.89% beginning August 5, 2006. Jasper County is to make the first five payments.	480,320
\$350,000 lease for twelve vehicles and three tractors payable interest only of \$15,330 on April , 2007 and four payments of \$97,287 including interest of 4.38% beginning April 1, 2008.	182,947
\$241,897 lease payable for eleven vehicles payable in four payments of \$67,490 including interest of 4.54% beginning August 31, 2007.	<u>126,314</u>
 Total	 <u>\$ 3,676,464</u>

**Equipment Under Capitalized Leases**

The City has entered into the above lease agreements for leasing the municipal complex, the purchase of fire firefighting equipment, and equipment to be used at the recreation center and municipal complex. The cost of these assets is \$5,857,992 with accumulated amortization of \$1,176,743. The leases on the fire truck and vehicles are payable from the general fund. All of the other leases are payable from revenue from the local accommodations and hospitality tax funds. Future minimum lease payments as of June 30, 2009 are as follows:

Fiscal Year Ending	Payment
2010	\$ 625,105
2011	625,105
2012	460,330
2013	460,330
2014	460,330
2015 - 2019	1,109,831
2020 - 2024	<u>826,692</u>
Total Minimum Lease Payments	4,567,723
Less Amount Representing Interest	<u>(891,259)</u>
Present Value of Minimum Lease Payment	<u>\$ 3,676,464</u>

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

**NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED**

The City issued \$15,470,000 of special assessment debt in 2008 to provide funds for the construction of streets, water and sewer in the Hilton Head Lakes development. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received.

<b><u>Special Assessment Debt Payable</u></b>	<b><u>BALANCE</u></b>
\$13,483,000 Municipal Improvement District Assessment Revenue Bonds Series 2008A. The bonds are payable over thirty years beginning November 1, 2010 at an interest rate of 7.75%.	\$ 13,204,000
\$1,987,000 Municipal Improvement District Assessment Revenue Bonds Series 2008B. The bonds are payable on November 1, 2015 and bear interest payable on May 1 and November 1 of each year beginning November 1, 2008 at the rate of 7.75%.	<u>1,813,000</u>
Total	<u>\$ 15,017,000</u>

<b><u>Revenue Bonds Payable</u></b>	<b><u>BALANCE</u></b>
\$1,265,000 bond payable for office buildings payable in fifteen annual payments plus interest at 5.5% beginning March 2009.	<u>\$ 1,180,000</u>

The special assessment debt for the municipal improvement district are payable from assessments on property in the Anderson Tract. The revenue bonds on the office buildings are payable from the fee-in-lieu of tax from the hospital. The annual requirements to amortize the special assessment debt and the revenue bonds are as follows:

<b><u>Fiscal Year Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2010	\$ 79,000	\$ 1,215,988	\$ 1,294,988
2011	185,000	1,208,143	1,393,143
2012	199,000	1,195,108	1,394,108
2013	215,000	1,181,047	1,396,047
2014	226,000	1,165,533	1,391,533
2015 - 2019	3,123,000	5,014,728	8,137,728
2020 - 2039	<u>12,170,000</u>	<u>11,722,893</u>	<u>23,892,893</u>
Total	<u>\$ 16,197,000</u>	<u>\$ 22,703,440</u>	<u>\$ 38,900,440</u>

**Compensated Absences**

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. The City employees can accumulate vacation and sick leave at varying amounts based on length of service and position. As of June 30, 2009, accrued vacation and sick leave totaled \$521,164 including seventeen percent for employee benefits. All compensated absences are paid from the general fund.

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

**NOTE 6 PENSION PLAN OBLIGATIONS**

The City participates in the South Carolina Retirement System. The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board.

Both employees and employers are required to contribute to the plan under authority of Title 9 of the South Carolina Code of Laws. All employers contribute at the actuarially required contribution rates. A summary of the required contribution rates and the amounts contributed to the plan follows:

<b>SOUTH CAROLINA RETIREMENT</b>			
<b>CONTRIBUTION INFORMATION</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total Current Year Payroll	\$ 1,701,557	\$ 1,867,934	\$ 1,521,507
Covered Payroll	1,377,772	1,545,585	1,265,860
Employee Contributions	89,556	100,463	82,281
Employee Contribution Rate (based upon salary)	6.50%	6.50%	6.50%
Employer Contributions	127,306	140,031	101,902
Employer Contribution Rate (based upon salary)	9.24%	9.06%	8.00%
Group Life Contributions	2,068	2,318	1,899
Group Life Contribution Rate (based upon salary)	0.15%	0.15%	0.15%

<b>SOUTH CAROLINA POLICE OFFICERS</b>			
<b>CONTRIBUTION INFORMATION</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total Current Year Payroll	\$ 1,262,232	\$ 898,372	\$ 787,876
Covered Payroll	1,116,343	898,372	787,876
Retiree Salaries	145,889	-	-
Employee Contributions	82,262	58,394	51,211
Employee Contribution Rate (based upon salary)	6.5%	6.5%	6.5%
Employer Contributions	134,427	92,533	81,151
Employer Contribution Rate (based upon salary)	10.7%	10.3%	10.3%
Group Life Contributions	2,524	1,797	1,576
Group Life Contribution Rate (based upon salary)	0.2%	0.2%	0.2%

The South Carolina Retirement System offers 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 is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11980, Columbia, South Carolina 29211-1980.

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

**NOTE 7 TRANSFERS BETWEEN FUNDS**

The following is a schedule of transfers between funds:

	<u>General Fund</u>	<u>Development Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers In	\$ 448,186	\$ 35,894	\$ -	\$ 125,936	\$ 610,016
Transfers Out	125,936	200,000	35,894	248,186	610,016

The transfer of \$50,517 from the victims fund to the general fund was to reimburse the victims officer expenses. The transfer from the contingency fund of \$197,669 was an operating transfer. The \$200,000 transfer from the development fund was for the purchase of a building for the police department. The transfer from the general fund to the capital projects fund of \$125,936 was for a note payment on the new building.

**NOTE 8 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; and natural disasters for which the City carries commercial insurance through the State of South Carolina. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The State promises to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments. There have not been any significant reductions in insurance coverage from the prior year.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

The City has the following commitments and contingencies at June 30, 2009:

The City has annexed property into the City and has entered into development agreements with various developers that call for developers to pay impact fees and the City in turn will use these fees for infrastructure. These development agreements comprise a large percent of the City's revenues.

**NOTE 10 SUBSEQUENT EVENTS**

A developer has defaulted on the development agreement with the City. The default will result in a loss of \$200,000 per year employment fee and a loss of approximately \$900,000 for a site for public safety.

The City, through the Hardeeville Public Finance Corporation, Inc., has purchased a building for \$150,000 and also obtained a line of credit for \$150,000 to renovate the building.

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

**NOTE 11 RESERVED FUND BALANCE**

The reserved fund balance in the development fund of \$4,872,383 represents cash and other assets of \$4,215,383 reserved by developer agreements to construct infrastructure to support the developments covered by the agreements. Additionally, land valued at \$657,000 is held for resale.

The reserved fund balance in the debt service fund of \$1,334,620 is cash held for the payment of special assessment debt.

The reserved fund balance in other governmental funds is \$210,742 which represents property held for resale that is a noncurrent asset in the contingency fund and \$131,044 in the capital projects fund held for debt retirement.

**NOTE 12 CAPITAL ASSETS, NET OF RELATED DEBT**

The investment in capital assets, net of related debt is computed as follows:

Capital Assets		
Bond issuance costs - net		\$ 543,819
Capital assets not being depreciated		11,066,496
Capital assets being depreciated		<u>12,069,604</u>
Total Capital Assets		<u>23,679,919</u>
Debt		
Total debt	\$ (20,275,260)	
Cash on hand from bond that will be spent in 09-10 year	<u>3,238,727</u>	
Net debt		<u>(17,036,533)</u>
Capital Assets, Net of Related Debt		<u>\$ 6,643,386</u>

**NOTE 13 RESTRICTED FOR ECONOMIC DEVELOPMENT**

The restricted for Economic Development is computed as follows:

Fund Balance - Development Fund	\$ 4,872,383
Less cash held that will be spent in 09-10 year	(3,238,727)
Property held for sale in special revenue fund	<u>210,742</u>
Restricted for Economic Development	<u>\$ 1,844,398</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF HARDEEVILLE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
<b>Revenues</b>				
Taxes	\$ 2,854,500	\$ 2,854,500	\$ 2,892,878	\$ 38,378
Fines, Fees and Licenses	2,057,700	2,057,700	2,062,876	5,176
Intergovernmental	140,000	140,000	120,097	(19,903)
Special Assessments	850,000	850,000	766,465	(83,535)
Miscellaneous	148,319	148,319	255,740	107,421
Total Revenues	<u>6,050,519</u>	<u>6,050,519</u>	<u>6,098,056</u>	<u>47,537</u>
<b>Expenditures</b>				
General Government	790,213	790,213	768,205	22,008
Council	490,827	490,827	98,117	392,710
Planning/Development Services	471,567	471,567	348,305	123,262
Public Information	148,806	148,806	116,449	32,357
Fire Department	1,132,330	1,132,330	1,044,196	88,134
Police Department	1,466,730	1,466,730	1,365,692	101,038
Courts	225,866	225,866	208,016	17,850
Public Works/Recreation	794,831	794,831	759,782	35,049
Economic Development	141,529	141,529	122,782	18,747
Building Inspection	95,492	95,492	151,804	(56,312)
Permitting	175,465	175,465	173,555	1,910
<b>Debt Service:</b>				
Principal	198,000	198,000	290,204	(92,204)
Interest	7,383	7,383	77,447	(70,064)
<b>Capital Outlay:</b>				
General Government	-	-	13,038	(13,038)
Total Expenditures	<u>6,139,039</u>	<u>6,139,039</u>	<u>5,537,592</u>	<u>601,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,520)</u>	<u>(88,520)</u>	<u>560,464</u>	<u>648,984</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(125,936)	(125,936)
Transfers In	88,520	88,520	448,186	359,666
Total Financing Sources (Uses)	<u>88,520</u>	<u>88,520</u>	<u>322,250</u>	<u>233,730</u>
Net change in fund balances	-	-	882,714	882,714
Fund balances, beginning of year	<u>(13,730)</u>	<u>(13,730)</u>	<u>(13,730)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (13,730)</u>	<u>\$ (13,730)</u>	<u>\$ 868,984</u>	<u>\$ 882,714</u>

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES:**

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is adopted for the accommodations and hospitality funds only. Appropriations lapse at the end of the year.

## SUPPLEMENTARY INFORMATION

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

### **Indirect Accommodations Tax Fund**

This fund is used to account for the City's share of indirect state accommodations taxes that are legally restricted for expenditures that promote parks, recreation, and tourism within the City.

### **Direct Accommodations Tax Fund**

This fund is used to account for the City's share of direct state accommodations taxes that are legally restricted for expenditures that promote parks, recreation, and tourism within the City.

### **Local Accommodations Tax Fund**

This fund is used to account for the City's share of local accommodations taxes that are legally restricted for expenditures that promote parks, recreation, and tourism within the City.

### **Local Hospitality Tax Fund**

This fund is used to account for the City's share of local hospitality taxes that are legally restricted for expenditures that promote parks, recreation, and tourism within the City.

### **Victims Assistance Fund**

This fund is used to account for assessments from fines that are restricted to victims witness assistance.

### **Contingency Fund**

This fund is used to account for funds that are restricted to specific purposes.

### **Celebrate Hardeeville**

This fund is used to account for funds that are restricted to the Celebrate Hardeeville Festival.

### **Capital Projects Fund**

This fund is used to account for funds that are restricted for capital projects.

### **Grants Fund**

This fund is used to account for grant funds that are restricted to specific purposes.

### **Fire Fund**

This fund is used to account for funds that are restricted to fire department functions.

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

	INDIRECT ACCOM TAX FUND	DIRECT ACCOM TAX FUND	LOCAL ACCOM TAX FUND	LOCAL HOSPITALITY TAX FUND	VICTIMS ASSISTANCE FUND
<b>ASSETS</b>					
Cash	\$ 56,803	\$ 1	\$ 60,858	\$ 62,580	\$ 21,956
Receivables	26,221	-	12,882	15,584	-
Restricted Cash	-	-	-	-	-
Property Held for Resale	-	-	-	-	-
Due from Other Funds	-	7,866	-	-	-
Total Assets	<u>\$ 83,024</u>	<u>\$ 7,867</u>	<u>\$ 73,740</u>	<u>\$ 78,164</u>	<u>\$ 21,956</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
Due to Other Funds	9,177	-	-	-	3,823
Total Liabilities	<u>9,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,823</u>
Fund Balances					
Unreserved Fund Balance	73,847	7,867	73,740	78,164	18,133
Reserved Fund Balance	-	-	-	-	-
Total Fund Balances	<u>73,847</u>	<u>7,867</u>	<u>73,740</u>	<u>78,164</u>	<u>18,133</u>
Total Liabilities and Fund Balances	<u>\$ 83,024</u>	<u>\$ 7,867</u>	<u>\$ 73,740</u>	<u>\$ 78,164</u>	<u>\$ 21,956</u>

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The notes to the financial statements are an integral part of this statement.

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

	<u>CONTINGENCY FUND</u>	<u>CELEBRATE HARDEEVILLE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>GRANTS FUND</u>	<u>FIRE FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>						
Cash	\$ 95,084	\$ 191	\$ -	\$ -	\$ 23,625	\$ 321,098
Receivables	10,302	-	-	-	-	64,989
Restricted Cash	-	-	131,044	-	-	131,044
Property Held for Resale	210,742	-	-	-	-	210,742
Due from Other Funds	-	-	-	-	-	7,866
<b>Total Assets</b>	<u><u>\$ 316,128</u></u>	<u><u>\$ 191</u></u>	<u><u>\$ 131,044</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,625</u></u>	<u><u>\$ 735,739</u></u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ 85
Deferred Revenue	-	-	-	-	-	-
Due to Other Funds	341	-	-	-	-	13,341
<b>Total Liabilities</b>	<u>426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,426</u>
<b>Fund Balances</b>						
Unreserved Fund Balance	104,960	191	-	-	23,625	380,527
Reserved Fund Balance	210,742	-	131,044	-	-	341,786
<b>Total Fund Balances</b>	<u>315,702</u>	<u>191</u>	<u>131,044</u>	<u>-</u>	<u>23,625</u>	<u>722,313</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 316,128</u></u>	<u><u>\$ 191</u></u>	<u><u>\$ 131,044</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,625</u></u>	<u><u>\$ 735,739</u></u>

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

	INDIRECT ACCOM TAX FUND	DIRECT ACCOM TAX FUND	LOCAL ACCOM TAX FUND	LOCAL HOSPITALITY TAX FUND	VICTIMS ASSISTANCE FUND
<b>Revenues</b>					
Taxes	\$ 57,963	\$ 18,755	\$ 161,361	\$ 182,179	\$ -
Fines, Fees and Licenses	-	-	-	-	26,750
Miscellaneous	19	-	-	85	13
Total Revenues	<u>57,982</u>	<u>18,755</u>	<u>161,361</u>	<u>182,264</u>	<u>26,763</u>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	-	-	-	-	-
Planning/Development Services	-	-	-	-	-
Fire Department	-	-	-	-	-
Police Department	-	-	-	-	227
Public Works/Recreation	34,127	18,519	6,445	3,018	-
<b>Debt Service:</b>					
Principal	-	-	80,948	94,254	-
Interest	-	-	44,628	61,952	-
Bond Issue Costs	-	-	-	-	-
<b>Capital Outlay:</b>					
General Government	-	-	-	-	-
Total Expenditures	<u>34,127</u>	<u>18,519</u>	<u>132,021</u>	<u>159,224</u>	<u>227</u>
Excess (deficiency) of revenues over expenditures	<u>23,855</u>	<u>236</u>	<u>29,340</u>	<u>23,040</u>	<u>26,536</u>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	-	-	-	-	(50,517)
Operating Transfers In	-	-	-	-	-
Proceeds of Debt	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,517)</u>
Net change in fund balances	23,855	236	29,340	23,040	(23,981)
Fund balances, beginning of year	49,992	7,631	44,400	55,124	42,114
Fund balances, end of year	<u>\$ 73,847</u>	<u>\$ 7,867</u>	<u>\$ 73,740</u>	<u>\$ 78,164</u>	<u>\$ 18,133</u>

The notes to the financial statements are an integral part of this statement.

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

	<u>CONTINGENCY FUND</u>	<u>CELEBRATE HARDEEVILLE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>GRANTS FUND</u>	<u>FIRE FUND</u>	<u>TOTAL</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,258
Fines, Fees and Licenses	118,671	-	-	-	-	145,421
Miscellaneous	4,986	-	6,143	-	14,275	25,521
Total Revenues	<u>123,657</u>	<u>-</u>	<u>6,143</u>	<u>-</u>	<u>14,275</u>	<u>591,200</u>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	62,069	-	-	-	-	62,069
Planning/Development Services	108,869	-	-	-	-	108,869
Fire Department	-	-	-	-	2,423	2,423
Police Department	29,592	-	-	-	-	29,819
Public Works/Recreation	562	-	-	-	-	62,671
<b>Debt Service:</b>						
Principal	-	-	85,000	-	-	260,202
Interest	-	-	40,936	-	-	147,516
Bond Issue Costs	-	-	120,099	-	-	120,099
<b>Capital Outlay:</b>						
General Government	-	-	1,020,000	-	-	1,020,000
Total Expenditures	<u>201,092</u>	<u>-</u>	<u>1,266,035</u>	<u>-</u>	<u>2,423</u>	<u>1,813,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,435)</u>	<u>-</u>	<u>(1,259,892)</u>	<u>-</u>	<u>11,852</u>	<u>(1,222,468)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers Out	(197,669)	-	-	-	-	(248,186)
Operating Transfers In	-	-	125,936	-	-	125,936
Proceeds of Debt	-	-	1,265,000	-	-	1,265,000
Total Other Financing Sources (Uses)	<u>(197,669)</u>	<u>-</u>	<u>1,390,936</u>	<u>-</u>	<u>-</u>	<u>1,142,750</u>
Net change in fund balances	(275,104)	-	131,044	-	11,852	(79,718)
Fund balances, beginning of year	590,806	191	-	-	11,773	802,031
Fund balances, end of year	<u>\$ 315,702</u>	<u>\$ 191</u>	<u>\$ 131,044</u>	<u>\$ -</u>	<u>\$ 23,625</u>	<u>\$ 722,313</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
INDIRECT ACCOMMODATIONS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<b>Revenues</b>				
Taxes	\$ 50,000	\$ 50,000	\$ 57,963	\$ 7,963
Miscellaneous	-	-	19	19
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>57,982</u>	<u>7,982</u>
<b>Expenditures</b>				
Current:				
Public Works/Recreation	<u>50,000</u>	<u>50,000</u>	<u>34,127</u>	<u>15,873</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>34,127</u>	<u>15,873</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	23,855	23,855
Fund balances, beginning of year	<u>49,992</u>	<u>49,992</u>	<u>49,992</u>	-
Fund balances, end of year	<u>\$ 49,992</u>	<u>\$ 49,992</u>	<u>\$ 73,847</u>	<u>\$ 23,855</u>

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES:**

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is adopted for the accommodations and hospitality funds only. Appropriations lapse at the end of the year.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
DIRECT ACCOMMODATIONS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
<b>Revenues</b>				
Taxes	\$ 20,000	\$ 20,000	\$ 18,755	\$ (1,245)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>18,755</u>	<u>(1,245)</u>
<b>Expenditures</b>				
Current:				
Public Works/Recreation	<u>20,000</u>	<u>20,000</u>	<u>18,519</u>	<u>1,481</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>18,519</u>	<u>1,481</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	236	236
Fund balances, beginning of year	<u>7,631</u>	<u>7,631</u>	<u>7,631</u>	-
Fund balances, end of year	<u>\$ 7,631</u>	<u>\$ 7,867</u>	<u>\$ 7,867</u>	-

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES:**

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is adopted for the accommodations and hospitality funds only. Appropriations lapse at the end of the year.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
LOCAL ACCOMMODATIONS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
<b>Revenues</b>				
Taxes	\$ 180,000	\$ 180,000	\$ 161,361	\$ (18,639)
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>161,361</u>	<u>(18,639)</u>
<b>Expenditures</b>				
Current:				
Public Works/Recreation	50,000	50,000	6,445	43,555
Debt Service:				
Principal	85,000	85,000	80,948	4,052
Interest	<u>45,000</u>	<u>45,000</u>	<u>44,628</u>	<u>372</u>
Total Expenditures	<u>180,000</u>	<u>180,000</u>	<u>132,021</u>	<u>47,979</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	29,340	29,340
Fund balances, beginning of year	<u>44,400</u>	<u>44,400</u>	<u>44,400</u>	-
Fund balances, end of year	<u>\$ 44,400</u>	<u>\$ 73,740</u>	<u>\$ 73,740</u>	-

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES:**

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is adopted for the accommodations and hospitality funds only. Appropriations lapse at the end of the year.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
LOCAL HOSPITALITY TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
<b>Revenues</b>				
Taxes	\$ 180,000	\$ 180,000	\$ 182,264	\$ 2,264
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>182,264</u>	<u>2,264</u>
<b>Expenditures</b>				
Current:				
Public Works/Recreation	10,000	10,000	3,018	6,982
Debt Service:				
Principal	100,000	100,000	94,254	5,746
Interest	<u>70,000</u>	<u>70,000</u>	<u>61,952</u>	<u>8,048</u>
Total Expenditures	<u>180,000</u>	<u>180,000</u>	<u>159,224</u>	<u>20,776</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	23,040	23,040
Fund balances, beginning of year	<u>55,124</u>	<u>55,124</u>	<u>55,124</u>	-
Fund balances, end of year	<u>\$ 55,124</u>	<u>\$ 78,164</u>	<u>\$ 78,164</u>	-

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES:**

The basis of budgeting is the same as generally accepted accounting principles. The City adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is adopted for the accommodations and hospitality funds only. Appropriations lapse at the end of the year.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES  
 FOR THE YEAR ENDED JUNE 30, 2009**

<b>Court Fines:</b>	
Court Fines Collected	\$ 365,537
Court Fines Retained by City	<u>(198,317)</u>
Court Fines Remitted to the State Treasurer	<u>167,220</u>
<b>Court Assessments:</b>	
Court Assessments Collected	6,823
Court Assessments Retained by City	<u>-</u>
Court Assessments Remitted to State Treasurer	<u>6,823</u>
<b>Court Assessments/Surcharges/Pullout:</b>	
Court Assessments/Surcharges/Pullout Collected	85,423
Court Assessments/Surcharges/Pullout Collected Retained by City	<u>-</u>
Court Assessments/Surcharges/Pullout Remitted to State Treasurer	<u>85,423</u>
<b>Victims Services:</b>	
Court Assessments Allocated to Victim Services	21,014
Court Surcharges Allocated to Victim Services	<u>5,394</u>
Total Funds Allocated to Victim Services	26,408
Victims Services Expenditures	(50,743)
Interest Received on Account	<u>355</u>
Funds Used in Excess of Funds Received	(23,980)
Beginning of Year	<u>42,113</u>
End of Year	<u><u>\$ 18,133</u></u>

The cost of the court fine audit is \$500.

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 JUNE 30, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>		
Land and Improvements	\$ 6,656,017	\$ 4,806,974
Construction in Progress	8,753,912	5,820,620
Buildings and Improvements	4,735,872	1,699,089
Furniture and Equipment	1,102,673	1,012,973
Vehicles	2,424,122	2,382,172
Infrastructure	1,930,233	1,930,233
Total Governmental Funds Capital Assets	\$ 25,602,829	\$ 17,652,061

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE**

Governmental Revenues	\$ 5,493,226	\$ 4,929,783
Bonds and Leases	5,013,261	4,543,666
Special Assessment Debt	8,753,912	4,499,658
Grants	5,342,450	2,678,974
Donations	999,980	999,980
Total Governmental Funds Capital Assets	\$ 25,602,829	\$ 17,652,061

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION  
 FOR THE YEAR ENDED JUNE 30, 2009**

<u>FUNCTION</u>	<u>JULY 1, 2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>TOTAL</u>
General Government	\$ 1,695,584	\$ 1,913,038	\$ -	\$ 3,608,622
Planning/Development Services	68,351	-	-	68,351
Public Information	15,365	-	-	15,365
Public Works/Recreation	8,661,194	4,804,014	3,062,488	10,402,720
Fire Department	1,934,086	-	-	1,934,086
Police Department	777,823	41,950	-	819,773
Economic Development	4,499,658	4,254,254	-	8,753,912
Total	<u>\$ 17,652,061</u>	<u>\$ 11,013,256</u>	<u>\$ 3,062,488</u>	<u>\$ 25,602,829</u>

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS  
 SCHEDULE BY FUNCTION  
 JUNE 30, 2009**

<b>FUNCTION</b>	<b>LAND AND IMPROVEMENTS</b>	<b>CONSTRUCTION IN PROGRESS</b>	<b>BUILDINGS AND IMPROVEMENTS</b>	<b>FURNITURE AND EQUIPMENT</b>	<b>VEHICLES</b>	<b>INFRASTRUCTURE</b>	<b>TOTAL</b>
General Government	\$ 48,000	\$ -	\$ 3,236,142	\$ 219,263	\$ 105,217	\$ -	\$ 3,608,622
Planning/Development Services	-	-	-	43,760	24,591	-	68,351
Public Information	-	-	-	-	15,365	-	15,365
Public Works/Recreation	6,596,017	-	1,137,930	606,639	131,901	1,930,233	10,402,720
Fire Department	12,000	-	271,550	95,189	1,555,347	-	1,934,086
Police Department	-	-	90,250	137,822	591,701	-	819,773
Economic Development	-	8,753,912	-	-	-	-	8,753,912
<b>Total</b>	<b>\$ 6,656,017</b>	<b>\$ 8,753,912</b>	<b>\$ 4,735,872</b>	<b>\$ 1,102,673</b>	<b>\$ 2,424,122</b>	<b>\$ 1,930,233</b>	<b>\$ 25,602,829</b>

## STATISTICAL SECTION

**CITY OF HARDEEVILLE, SOUTH CAROLINA**

**STATISTICAL SECTION**

This part of the City of Hardeeville, South Carolina comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	53-56
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	57-60
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	61-65
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	66-67
<b>Operating Information</b> <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	68-70

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
NET ASSETS BY COMPONENTS  
LAST SIX FISCAL YEARS**

**Schedule 1**

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
<b>GOVERNMENTAL ACTIVITIES</b>						
Invested in Capital Assets, Net of Related Debt	\$ 1,583,796	\$ 3,181,694	\$ 4,458,201	\$ 4,586,945	\$ 5,940,023	\$ 6,643,386
Restricted	755,527	-	-	-	2,455,107	3,690,589
Unrestricted	2,569,965	943,260	597,758	1,838,666	259,726	195,515
Total Governmental Activities Net Assets	<u>\$ 4,909,288</u>	<u>\$ 4,124,954</u>	<u>\$ 5,055,959</u>	<u>\$ 6,425,611</u>	<u>\$ 8,654,856</u>	<u>\$ 10,529,490</u>

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(accrual basis of accounting)**

Schedule 2

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
<b>Expenses</b>						
Governmental Activities:						
General Government	\$ 826,528	\$ 1,109,186	\$ 1,403,268	\$ 1,251,544	\$ 1,424,512	\$ 950,122
Council	55,908	80,082	77,318	88,599	91,352	98,117
Planning/Development Services	71,976	163,849	253,515	572,505	577,065	466,065
Public Information	-	190,833	145,871	178,695	189,273	111,052
Public Works/Engineering	264,495	308,280	397,356	561,751	569,857	-
Fire Department	453,140	695,925	698,580	910,695	1,083,420	1,158,875
Police Department	1,317,643	1,394,353	1,389,712	1,204,715	1,464,601	1,539,834
Courts	541,071	741,923	909,165	758,810	587,909	211,584
Public Works/Recreation	905,848	412,641	290,153	472,322	540,399	1,026,432
Economic Development	-	-	-	-	-	401,540
Building Inspection	-	-	-	-	446,074	151,804
Permitting	-	-	-	-	80,031	182,602
Interest Expense	93,116	192,972	235,727	248,076	402,042	1,300,239
Total Expenses	<u>4,529,725</u>	<u>5,290,044</u>	<u>5,800,665</u>	<u>6,247,712</u>	<u>7,456,535</u>	<u>7,598,266</u>
<b>Revenues</b>						
Governmental Activities:						
Program Revenues						
Charges for Services	894,091	1,588,748	2,701,713	2,797,283		
Permits					686,437	508,455
Developer Review Fees					785,529	766,465
Fines					643,397	239,283
Other					136,022	106,718
Operating Grants and Contributions	9,821	24,630	41,825	376,815	316,089	967,281
Capital Grants and Contributions	48,560	59,489	856,882	584,357	2,280,032	2,608,261
General Revenues						
Taxes	1,828,232	1,613,576	2,017,647	2,416,831	3,729,189	3,103,908
Business Licenses	-	-	-	-	875,543	1,016,468
Grants and Contributions not restricted to specific programs	266,731	83,725	49,142	52,972	58,544	60,097
Earnings on Investments	128,367	46,859	33,763	12,460	119,795	9,872
Other	602,359	1,088,683	1,030,699	1,376,646	55,203	86,092
Total Revenues	<u>3,778,161</u>	<u>4,505,710</u>	<u>6,731,671</u>	<u>7,617,364</u>	<u>9,685,780</u>	<u>9,472,900</u>
Change in Net Assets	(751,564)	(784,334)	931,006	1,369,652	2,229,245	1,874,634
Net Assets-Beginning	5,660,852	4,909,288	4,124,953	5,055,959	6,425,611	8,654,856
Net Assets-Ending	<u>\$ 4,909,288</u>	<u>\$ 4,124,954</u>	<u>\$ 5,055,959</u>	<u>\$ 6,425,611</u>	<u>\$ 8,654,856</u>	<u>\$ 10,529,490</u>

\* Public Works Engineering and Public Works Recreation were merged into one department beginning in fiscal year 2009.

(1) Decrease in fines due to netting state portion of fines against revenue.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST SIX FISCAL YEARS  
 (modified accrual basis of accounting)**

**Schedule 3**

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
<b>GENERAL FUND</b>						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,421	14,925	(53,630)	650,752	(13,729)	868,984
Total General Fund	<u>\$ 14,421</u>	<u>\$ 14,925</u>	<u>\$ (53,630)</u>	<u>\$ 650,752</u>	<u>\$ (13,729)</u>	<u>\$ 868,984</u>
 <b>ALL OTHER GOVERNMENTAL FUNDS</b>						
Reserved	\$ 2,255,361	\$ 219,975	\$ 449,096	\$ 696,245	\$ 12,564,152 (1)	\$ 6,548,789
Unreserved, reported in:						
Special Revenue Funds	1,287,886	853,060	787,035	650,627	591,289	380,527
Total All Other Governmental Funds	<u>\$ 3,543,247</u>	<u>\$ 1,073,035</u>	<u>\$ 1,236,131</u>	<u>\$ 1,346,872</u>	<u>\$ 13,155,441</u>	<u>\$ 6,929,316</u>

(1) The increase in reserved fund balance in this period was due to unspent bond proceeds from an issuance during the period.

The City reorganized the functional areas and information prior to year 2004 would not be comparable.

**CITY OF HARDEEVILLE, SOUTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**  
**(modified accrual basis of accounting)**

Schedule 4

	FISCAL YEAR					
	2004	2005	2006	2007	2008	2009
<b>Revenues</b>						
Taxes	\$ 1,788,602	\$ 1,582,634	\$ 1,702,892	\$ 2,693,629	\$ 2,633,607	\$ 3,313,136
Fines, Fees, and Licenses	1,452,427	1,991,258	3,461,172	4,097,059	6,281,313	2,208,297
Special Assessments	-	-	-	-	-	2,968,988
Donations	-	-	-	-	-	657,000
Intergovernmental	46,614	50,165	307,583	1,188,805	553,879	120,097
Miscellaneous	465,705	864,733	682,697	176,636	266,585	368,236
<b>Total Revenues</b>	<u>3,753,348</u>	<u>4,488,790</u>	<u>6,154,344</u>	<u>8,156,129</u>	<u>9,735,384</u>	<u>9,635,754</u>
<b>Expenditures</b>						
<b>Current</b>						
General Government	1,282,959	1,526,582	1,439,049	2,155,899	1,968,408	830,274
Council	55,908	80,082	77,318	88,599	91,352	98,117
Planning/Development Services	95,781	165,800	265,779	577,201	866,384	457,174
Public Information	-	191,858	162,499	162,109	197,798	116,449
Public Works/Engineering	215,482	305,987	1,250,972	561,982	693,751	-
Fire Department	982,539	873,158	1,398,280	905,293	935,654	1,046,619
Police Department	1,545,848	1,446,986	1,595,776	1,350,623	1,431,990	1,395,511
Courts	540,311	739,378	906,335	749,549	582,928	208,016
Public Works/Recreation	3,374,795	1,878,989	593,835	749,917	810,454	822,453
Economic Development	-	-	-	51,690	144,255	397,540
Building Inspection	-	-	-	-	446,074	151,804
Permitting	-	-	-	-	71,628	173,555
<b>Debt Service</b>						
Principal	-	-	-	-	-	1,003,406
Interest	-	-	-	-	-	1,472,381
Bond Issue Costs	-	-	-	-	-	120,099
<b>Capital Outlay</b>						
General Government	-	-	-	-	-	1,913,038
Police Department	-	-	-	-	-	41,950
Public Works/Recreation	-	-	-	-	-	1,741,526
Economic Development	-	-	-	-	5,820,620	4,254,254
<b>Total Expenditures</b>	<u>8,093,623</u>	<u>7,208,820</u>	<u>7,689,843</u>	<u>7,352,862</u>	<u>14,061,296</u>	<u>16,244,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,340,275)</u>	<u>(2,720,030)</u>	<u>(1,535,499)</u>	<u>803,267</u>	<u>(4,325,912)</u>	<u>(6,608,412)</u>
<b>Other Financing Sources (Uses)</b>						
Issuance of Debt	4,555,664	250,322	1,630,041	11,856	15,470,000	1,265,000
Transfers In	736,006	1,484,693	790,049	119,113	80,652	610,016
Transfers Out	(736,006)	(1,484,693)	(790,049)	(119,113)	(80,652)	(610,016)
<b>Total Other Financing Sources (Uses)</b>	<u>4,555,664</u>	<u>250,322</u>	<u>1,630,041</u>	<u>11,856</u>	<u>15,470,000</u>	<u>1,265,000</u>
<b>Net Change in Fund Balances</b>	<u>215,389</u>	<u>(2,469,708)</u>	<u>94,542</u>	<u>815,123</u>	<u>11,144,088</u>	<u>(5,343,412)</u>
Fund Balances, Beginning	<u>3,342,279</u>	<u>3,557,668</u>	<u>1,087,959</u>	<u>1,182,501</u>	<u>1,997,624</u>	<u>13,141,712</u>
Fund Balances, Ending	<u>\$ 3,557,668</u>	<u>\$ 1,087,960</u>	<u>\$ 1,182,501</u>	<u>\$ 1,997,624</u>	<u>\$ 13,141,712</u>	<u>\$ 7,798,300</u>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	14.4 %	9.61 %	19.14 %

The City reorganized the functional areas and information prior to year 2004 would not be comparable

N/A Information is not available

\* Public Works Engineering and Public Works Recreation were merged into one department beginning in fiscal year 2009

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

**Schedule 5**

FISCAL YEAR ENDED JUNE 30,	ASSESSED VALUE			MARKET VALUE			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	
	2000	N/A	N/A	N/A	N/A	N/A	
2001	N/A	N/A	N/A	N/A	N/A	N/A	128.00
2002	N/A	N/A	N/A	N/A	N/A	N/A	147.00
2003	\$ 4,399,020	\$ 1,616,200	\$ 6,015,220	\$ 87,980,400	\$ 16,162,000	\$ 104,142,400	147.00
2004	4,830,060	1,756,730	6,586,790	96,601,200	17,567,300	114,168,500	147.00
2005	4,878,040	647,130	5,525,170	97,560,800	6,471,300	104,032,100	147.00
2006	5,123,900	1,162,820	6,286,720	102,478,000	11,628,200	114,106,200	153.00
2007	5,030,650	1,118,150	6,148,800	93,057,910	10,649,049	103,706,959	153.00
2008	7,874,450	3,082,200	10,956,650	138,835,210	20,867,715	159,702,925	153.00
2009	12,014,590	2,399,840	14,414,430	252,820,858	39,378,102	292,198,960	153.00

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\* Reassessment Year.

Data Source: County Auditor

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	CITY DIRECT RATES	OVERLAPPING RATES		
	BASIC RATE	COUNTY OPERATIONS	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE
2000	128.00	153.33	108.76	17.70
2001	128.00	156.60	113.92	16.00
2002	147.00	131.00	108.87	17.53
2003	147.00	133.00	109.50	22.50
2004	147.00	138.50	118.30	22.30
2005	147.00	163.00	127.00	4.50
2006	153.00	155.00	129.00	7.00
2007	153.00	109.50	133.50	7.50
2008	153.00	115.00	118.00	-
2009	153.00	119.00	123.00	7.00

Source: County and City Finance Office  
The City does not have components to its tax rate.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO**

Schedule 7

TAXPAYER	2009			2000			
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	
Del Webb Communities Inc	\$ 1,226,720	1	8.5%	N/A	N/A	N/A	%
Toll SC III LP	661,790	2	4.6%	N/A	N/A	N/A	
Forino Co LP	191,340	3	1.3%	N/A	N/A	N/A	
Deerfield Village LLC	151,170	4	1.0%	N/A	N/A	N/A	
Shree Raha Krishna Inc	108,000	5	0.7%	N/A	N/A	N/A	
Hilton Head Lakes LLC	107,040	6	0.7%	N/A	N/A	N/A	
Carolina Oak Homes LLC	96,760	7	0.7%	N/A	N/A	N/A	
BMJ Enterprises LLC	91,520	8	0.6%	N/A	N/A	N/A	
Gateway Properties LLC	85,110	9	0.6%	N/A	N/A	N/A	
Core Communities LLC	74,260	10	0.5%	N/A	N/A	N/A	
<b>Total</b>	<b>\$ 2,793,710</b>		<b>19.4% %</b>	<b>\$ -</b>		<b>-</b>	<b>%</b>

Source: Jasper County Economic Development Board

N/A Information is not available.

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

**Schedule 8**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE		AMOUNT	PERCENTAGE
			OF LEVY			OF LEVY
2000	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	\$ 640,958	\$ 575,056	89.7 %	\$ 54,365	\$ 629,421	98.2 %
2004	672,106	618,338	92.0	39,654	657,992	97.9
2005	595,920	548,240	92.0	35,166	583,406	97.9
2006	677,862	623,633	92.0	36,605	660,238	97.4
2007	854,398	704,730	82.5	102,670	807,400	94.5
2008	1,225,089	1,135,098	92.6	14,010	1,149,108	93.8
2009	1,844,137	1,735,668	94.2	-	1,735,668	94.2

Source: City Finance Department

N/A Information is not available.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Schedule 9

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES						
	NOTES PAYABLE	REVENUE BONDS	LEASES PAYABLE	GENERAL OBLIGATION BOND	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	\$ 423,746	N/A	\$ 3,731,945	\$ 550,000	\$ 4,705,691	11.3 %	\$ 2,561.61
2005	288,037	N/A	3,833,244	522,495	4,643,776	10.3	2,521.05
2006	535,569	N/A	4,840,262	493,056	5,868,887	12.0	3,172.37
2007	-	N/A	4,574,724	464,753	5,039,477	9.0	2,611.12
2008	-	N/A	4,107,892	435,774	4,543,666	N/A	1,644.46
2009	-	\$ 1,180,000	3,676,464	401,796	5,258,260	N/A	1,752.75

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

The special assessment debt outstanding of \$15,017,000 has been omitted because it will be payable from assessments on the property in the development.

See schedule 14 for personal income and population.

These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available.

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

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>AMOUNT</b>	<b>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>PER CAPITA</b>
2000	N/A	N/A	N/A
2001	N/A	N/A	N/A
2002	N/A	N/A	N/A
2003	N/A	N/A	N/A
2004	\$ 550,000	N/A %	\$ 299.40
2005	522,495	N/A	283.66
2006	493,056	N/A	266.52
2007	464,753	N/A	240.80
2008	435,774	3.98%	157.71
2009	401,796	2.80%	133.93

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2009**

**Schedule 11**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
<b>Debt repaid with property taxes</b>			
Jasper County School District	\$ 45,416,448	11.8% %	\$ 5,359,141
Jasper County	18,165,504	11.8%	\$ 2,143,529
Subtotal overlapping debt	<u>63,581,952</u>		<u>7,502,670</u>
<b>City direct debt</b>	<u>5,258,260</u>	100.00	<u>5,258,260</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 68,840,212</u></u>		<u><u>\$ 12,760,930</u></u>

Sources: City and County Finance Dept.

Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

**Schedule 12**

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Value	\$ 14,414,430
Debt limit (8% of assessed value)	1,153,154
Debt applicable to limit:	
General Obligation Bonds	<u>(401,796)</u>
Total net debt applicable to limit	<u>(401,796)</u>
Legal Debt Margin	<u>\$ 751,358</u>

		<u>2000</u>		<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>	
Debt Limit	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	474,450	\$	523,778	\$	528,854	\$	826,309	\$	876,532	\$	1,153,154	
Total net debt applicable to limit		N/A		N/A		N/A		N/A		<u>(550,000)</u>		<u>(522,495)</u>		<u>(493,056)</u>		<u>(464,753)</u>		<u>(435,774)</u>		<u>(401,796)</u>	
Legal debt margin	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	<u>(75,550)</u>	\$	<u>1,283</u>	\$	<u>35,798</u>	\$	<u>361,556</u>	\$	<u>440,758</u>	\$	<u>751,358</u>	
Total net debt applicable to the limit as a percentage of debt limit		N/A	%	N/A	%	N/A	%	N/A	%	<u>116.00</u>	%	<u>99.76</u>	%	<u>93.23</u>	%	<u>56.24</u>	%	<u>49.72</u>	%	<u>34.84</u>	%

Under state finance law, the City's outstanding general obligation debt should not exceed 8 percent of the total assessed property value.

Source: City Audit Report

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Schedule 13

FISCAL YEAR ENDED JUNE 30,	SPECIAL ASSESSMENT BONDS				REVENUE BONDS			
	COLLECTIONS	DEBT SERVICE		COVERAGE	COLLECTIONS	DEBT SERVICE		COVERAGE
		PRINCIPAL	INTEREST			PRINCIPAL	INTEREST	
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	\$ 864,672	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
2009	166,867	453,000	1,247,418	-40.0%	\$ 288,808	\$ 85,000	\$ 40,936	229.0%

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\* There was no pledged revenue coverage prior to year 2008.

\*\* 2009 Debt Service was paid from assessment revenue collected in years 2008-2009 plus a portion of the original bond set aside for debt service.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Schedule 14

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>POPULATION</b>	<b>PERSONAL INCOME (thousands of dollars)</b>	<b>SCHOOL ENROLLMENT</b>	<b>UNEMPLOYMENT RATE</b>
2000	1,793	\$ 21,148	N/A	3.5 %
2001	1,819	32,945	N/A	4.4
2002	1,817	34,321	N/A	5.1
2003	1,810	36,855	N/A	5.8
2004	1,837	41,628	N/A	5.4
2005	1,842	45,147	N/A	5.2
2006	1,850	48,557	1,162	4.8
2007	1,930	50,657	1,209	4.6
2008	2,763	-	1,288	5.7
2009	3,000	-	1,247	11.2

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Data Source:

- (1) US Bureau of the Census
  - (2) US Department of Commerce, Bureau of Economic Analysis
  - (3) US Department of Commerce, Bureau of Economic Analysis
  - (4) Lowcountry Council of Governments
  - (5) South Carolina Department of Education
  - (6) South Carolina Employment Security Commission
  - (7) Jasper County School District
- N/A Information is not available.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

Schedule 15

<u>EMPLOYER</u>	<u>2009</u>			<u>2000</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>
Coastal Carolina Medical Center	222	1	23.3 %	N/A	N/A	N/A %
Jasper County School District	134	2	14.1	N/A	N/A	N/A
Gale Contractors	80	3	8.4	N/A	N/A	N/A
City of Hardeeville	64	4	6.7	N/A	N/A	N/A
Blanchard Machinery	16	5	1.7	N/A	N/A	N/A
Lowcountry Paver	11	6	1.2	N/A	N/A	N/A
Carolina Metal Castings	10	7	1.1	N/A	N/A	N/A
Palmetto Heating and Air	8	8	0.8	N/A	N/A	N/A
Bright Green Industries, LLC	8	9	0.8	N/A	N/A	N/A
Wildcat Steelworks	7	10	0.7	N/A	N/A	N/A
<b>Total</b>	<u>560</u>		<u>58.77 %</u>	<u>-</u>		<u>- %</u>

Source: County Economic Development Department

N/A Information is not available.

**CITY OF HARDEEVILLE, SOUTH CAROLINA**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Schedule 16

<b>FUNCTION/PROGRAM</b>	<b>FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30,</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government	N/A	N/A	N/A	N/A	4	4	4	4	6	4.0
Council	N/A	N/A	N/A	N/A	5	5	5	5	5	5.0
Planning/Development Services	N/A	N/A	N/A	N/A	0	0	3	4	3	3.0
Public Information	N/A	N/A	N/A	N/A	2	2	2	2	2	2.0
Fire Department	N/A	N/A	N/A	N/A	8	10	12	10	12	16.0
Police Department	N/A	N/A	N/A	N/A	18	19	17	12	17	18.0
Courts	N/A	N/A	N/A	N/A	3	2	3	3	4	5.5
Public Works/Recreation/Engineering	N/A	N/A	N/A	N/A	4	6	7	7	8	7.0
Economic Development	N/A	N/A	N/A	N/A	0	0	0	1	1	1.0
Building Inspection	N/A	N/A	N/A	N/A	1	1	1	1	1	-
Permitting	N/A	N/A	N/A	N/A	0	0	1	3	3	2.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>49</b>	<b>55</b>	<b>52</b>	<b>62</b>	<b>63.5</b>

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Source: City Human Resources

N/A Information is not available.

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

**Schedule 17**

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Business Licenses Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	573	514	597
Sales Reported for Licenses*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 42,500	\$ 137,266	N/A
Commercial Building Permits Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	37	89
Valuation of Permits Issued*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3,455	\$ 7,839	\$ 16,922
Residential Building Permits Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	97	106	39
Valuation of Permits Issued*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 20,422	\$ 45,701	\$ 8,497

N/A Information is not available.

\* Figures are per 1,000 dollars.

Source: Various City Departments

**CITY OF HARDEEVILLE, SOUTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

**Schedule 18**

<b>FUNCTION/PROGRAM</b>	<b>FISCAL YEAR</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Police Department</b>										
Patrol Units	N/A	N/A	N/A	N/A	17	15	15	15	17	21
<b>Fire Department</b>										
Engines in Operation	N/A	N/A	N/A	N/A	2	4	4	4	4	4
Rescue Vehicles in Operation	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Ladder Trucks in Operation	N/A	N/A	N/A	N/A	1	1	1	1	1	1

N/A Information is not available.