TOWN OF SUMMERVILLE, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, OTHER SUPPLEMENTARY FINANCIAL INFORMATION, AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2010

TOWN OF SUMMERVILLE, SOUTH CAROLINA
TABLE OF CONTENTS
DECEMBER 31, 2010

Page

INDEPENDENT AUDITORS' REPORT ..... 1 - 2

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Management's Discussion and Analysis ..... 3 - 8

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements
Statement of Net Assets 9
Statement of Activities 10

Fund Financial Statements
Balance Sheet - Governmental Funds 11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets 12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities ..... 14 - 15

Notes to Financial Statements ..... 16 - 35

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Budgetary Comparison Schedule - General Fund (Unaudited) 36
Notes to Budgetary Comparison Schedule - General Fund (Unaudited) 37
Schedule of Funding Progress (Unaudited) 38

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

Comparative Schedules of Revenues - General Fund 39
Comparative Schedules of Expenditures - General Fund 40
Combining Balance Sheet - Nonmajor Governmental Funds ..... 41 - 43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds ..... 44 - 46
Schedule of Assessed Property Values, Millage Rates, and Taxes Levied for the Twenty-Five Year Period (Unaudited) 47
Schedule of Court Fines, Assessments, and Surcharges 48

GOVERNMENT AUDITING STANDARDS REPORT

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 49 - 50

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Independent Auditors' Report

Honorable Mayor and Members of Town Council
Town of Summerville, South Carolina

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

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

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

As discussed in Note IV. K. to the financial statements, certain errors resulting in misstatement of components of fund balance in previously issued 2010 financial statements were discovered by management subsequent to the original issuance of the 2010 financial statements. Accordingly, an adjustment to the components of fund balance was made to correct the error.

In accordance with *Government Auditing Standards*, we have also issued our reported dated September 9 , 2011, on our consideration of the Town of Summerville, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and Schedule of Funding Progress on pages 3 – 8, 35 – 36, and 37, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of preparation and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Summerville, South Carolina's financial statements as a whole. The Schedule of Court Fines, Assessments, and Surcharges listed in the table of contents under Other Supplementary Financial Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The comparative General Fund schedules, the combining nonmajor fund financial statements, and the Schedule of Assessed Property Values, Millage Rates, and Taxes Levied listed as Other Supplementary Financial Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Fines, Assessments, and Surcharges, the comparative General Fund Schedules and the combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The Schedule of Assessed Property Values, Millage Rates, and Taxes Levied has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Webster Rogers LLP

Summerville, South Carolina
September 9, 2011

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TOWN OF SUMMERVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010

As management of the Town of Summerville, South Carolina (the Town), we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Summerville for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes.

Financial Highlights

The assets of the Town of Summerville exceeded its liabilities at December 31, 2010 by $97,765,449. Of this amount, unrestricted net assets of $11,496,572 may be used to meet the government's ongoing obligations to citizens and creditors. The total net assets decreased by $217,367. The decrease in net assets was mainly due to the demolition of the Busy Bubbles building on Cedar Street.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $18,246,615. This is an increase of $1,337,491 in comparison with the prior year. Of the $18,246,615, $17,352,118 is available for spending (unreserved fund balance) on behalf of its citizens. Of the unreserved, undesignated fund balance ($13,252,118), $334,248, and $6,704,047 are in the debt service fund and special revenue funds, respectively, and must be spent for these specific fund purposes.

At the end of the prior fiscal year, unreserved, undesignated fund balance for the general fund was $5,817,555. At the end of the current fiscal year, unreserved, undesignated general fund balance was $6,213,823. This represents an increase in unreserved, undesignated fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Summerville's basic financial statements. The basic financial statements are comprised of three sections: 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* provide a broad overview of the Town of Summerville's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town of Summerville's financial position.

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and all intergovernmental revenues (*governmental activities).* The governmental activities of the Town of Summerville include general government, public safety (police and fire), planning and annexation, engineering, municipal court, communications, street, parks and playground, maintenance, public buildings and grounds, and storm water management.

Fund Financial Statements. – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Summerville can be classified as 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. All of the Town's basic services are reported in the governmental funds financial statements, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town of Summerville's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to reconcile the two types of statements.

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.

Supplementary Information

Budgetary Comparison Schedule. – The Town adopts an annual appropriated budget for its general fund and some of the nonmajor special revenue funds. The budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Other Information. – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-wide Financial Analysis

Net Assets. –The table below shows current year Net Assets as compared to 2009.

Net Assets
December 31, 2010 and 2009

	2010	2009
Current, Restricted and Other Assets	$ 29,928,377	$ 28,545,590
Capital Assets, net	91,967,647	94,289,035
Total Assets	121,896,024	122,834,625
Current and Other Liabilities	11,967,762	12,101,754
Long-Term Liabilities outstanding	12,162,813	12,750,055
Total Liabilities	24,130,575	24,851,809
Net Assets:		
Invested in Capital Assets, net of related debt	79,919,807	81,814,848
Restricted	6,349,070	6,021,756
Unrestricted	11,496,572	10,146,212
Total Net Assets	$ 97,765,449	$ 97,982,816

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $97,765,449 at the close of the most recent fiscal year.

At December 31, 2010, 81.75 percent of the Town's net assets were invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in 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 resources, since capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Town's net assets, 6.49 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, 11.76 percent, may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets
For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	$ 10,788,531	$ 10,474,708
Operating Grants and Contributions	561,852	1,429,600
Capital Grants and Contributions	584,723	6,284,063
General Revenues:		
Property Taxes	10,626,786	10,181,671
Other Taxes	4,551,559	4,411,457
Unrestricted Grants and Contributions	1,244,143	1,212,800
Unrestricted revenue from use of monies and property	118,828	109,577
Miscellaneous	83,037	41,171
Gain on sale of assets	-	38,284
Total Revenues	28,559,459	34,183,331
Program Expenses:		
General Government	6,022,554	5,557,951
Public Safety	13,115,605	12,743,629
Roads and Drainage	6,459,296	6,461,850
Recreation	2,490,378	2,471,870
Interest and Fees	499,853	518,385
Other postemployment benefits	189,140	198,790
Total Expenses	28,776,826	27,952,475
Increase in Net Assets	(217,367)	6,230,856
Net Assets, beginning	97,982,816	91,751,960
Net Assets, ending	$ 97,765,449	$ 97,982,816

Governmental Activities. – Governmental activities decreased the Town's net assets by $217,367.

Charges for services were the Town's largest program revenue, accounting for $10,788,531 or 37.78 percent of total governmental revenues. These charges are for fees related to judicial activity, licenses and permits, garbage fees, and stormwater fees.

Property tax revenues account for $10,626,786 of the $28,559,459 total revenues for governmental activities, or 37.21 percent of total revenues. Another component of general revenues was grants and contributions not restricted to specific programs, which accounted for $1,244,143 or 4.36 percent of total revenues.

The public safety program accounted for $13,115,605 of the $28,776,826 total expenses for governmental activities, or 45.58 percent of total expenses. The next largest program was roads and drainage, accounting for $6,459,296 and representing 22.45 percent of total governmental expenses.

The following table for governmental activities indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Governmental Activities

	Total Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2010	Net Cost of Services 2009
General Government	$ 6,022,554	$ 5,557,951	$ 522,496	$ (1,090,678)
Public Safety	13,115,605	12,743,629	(10,738,520)	10,858,359
Roads and Drainage	6,459,296	6,461,850	(3,752,693)	(2,550,488)
Recreation	2,490,378	2,471,870	(2,184,010)	1,829,736
Interest and Fiscal Charges	499,853	518,385	(499,853)	518,385
Other postemployment benefit	189,140	198,790	(189,140)	198,790
Total Expenses	$ 28,776,826	$ 27,952,475	$ (16,841,720)	$ 9,764,104

Charges for services and operating and capital grants of $11,935,106 (41.48 percent of the total costs of services) were received and used to fund the governmental activities expenses of the Town. The remaining $16,841,720 in governmental activities expenses is funded by property taxes, unrestricted grants, other revenue and net assets. The general government function received $6,545,050 in charges for services and operating grants. This amount exceeded general government expenses by $522,496. Roads and drainage received $2,706,603 in charges for services and grants which was 41.9 percent of expenses. 18.12 percent of public safety expenses were funded by charges for services, operating, and capital grants.

Financial Analysis of the Town of Summerville's Funds

Governmental Funds.

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At December 31, 2010, the Town's governmental funds reported a combined ending fund balance of $18,246,615, an increase of $1,337,491 in comparison with the prior year. Approximately 95.1 percent of this total ($17,352,118) is unreserved fund balance. Of the unreserved fund balance, $4,100,000 has been designated by the Town Council for future capital improvements and possible disaster and recovery, leaving an unreserved, undesignated amount of $13,252,118. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been restricted for encumbrances ($456,505), or for other purposes ($437,992).

General Fund. The general fund is the primary operating fund of the Town. At the end of the current year, unreserved fund balance of the general fund was $10,313,823 while the total fund balance was $11,043,035. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48.19 percent of total general fund expenditures, while total fund balance represents 51.6 percent of that same amount.

The fund balance of the Town's General Fund increased by $387,319 during the current year, primarily as a result of greater than expected property tax collections.

Local Hospitality Tax Fund. This fund accounts for the accumulation and expenditure of hospitality taxes levied on the sale of prepared food and beverages within the town limits. The funds may be spent for tourism related capital projects, for the support of tourism and tourist services, for supplementing the cost of providing public safety, and for the servicing of debt incurred for such purposes. During the year the Town disbursed approximately 15.91 percent of the current year revenue for various civic, recreational, and sidewalk projects; transferred approximately 53.22 percent to the General Fund for general public safety, and increased fund balance by $659,070, to $3,067,294, a 27.37 percent increase from prior year.

Sanitation Fees Fund. This fund accounts for the collection of an annual fee levied on property owners in the town limits. The fee is used to defray the cost of collecting solid waste from the Town's residents. The cost to provide those services exceeded the revenue collected by $68,991 in the current year, increasing the fund's deficit to $258,426. The accumulated operating shortfall has been funded by advances from the General Fund.

Budgetary Highlights

By state statute, the Town Council adopts the annual operating budget for the Town by the last day of December. For the general fund, there was an additional $400,761 appropriated during the year from the original budget to the final budget, which was funded by fund balance.

Although the Town's final budget anticipated that expenditures would exceed revenues by $1,700,383, the actual results from the year show a surplus of $381,467. Actual local revenues received were $1,740,131 in excess of anticipated revenues, due primarily to property taxes collected. Overall actual expenditures were under budget by $146,693 as well.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities at December 31, 2010, was $91,967,647 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure.

Some of the major capital asset events during the current fiscal year included the following:

- Maintenance facility building extension for $371,680.
- A new garbage truck for the Street Department for $61,694.
- Purchase of $556,708 in new police vehicles and replacing old police equipment.
- Purchase of an excavator for $153,955 for stormwater.
- New sidewalks on Boonehill Road for $41,300.
- Construction still continues for additional Gahagan ballfield and a new park in Newington Plantation.

Additional information on the Town's capital assets can be found in Note III.D.

Long-Term Debt. At December 31, 2010, the Town had $12,047,840 in outstanding debt consisting of general obligation bond debt and a capital lease. The Town's general obligation bonded debt, used to fund the Town Hall Annex project, decreased by $150,000 during the year. The Town's capital lease obligation, used to fund the parking garage, decreased by $274,631.

Additional information on the Town's long-term debt can be found in Note III.I.

Economic Factors and Next Year's Budget

Summerville still remains financially stable during the economic downturn by implementing numerous budget cuts while maintaining very conservative spending practices. The 2010 U.S. Census was conducted and figures show an increase in the response rate for the three counties in which Summerville is located. This is very important in relation to future revenue as it will have a positive impact on State Aid to Subdivisions which is based on a per capita percentage of population. The population in Summerville has grown by 56 percent, from 27,752 to 43,392 since the 2000 census.

Residential growth has increased slightly in the Town with 124 new home permits issued in 2010 and 45 issued so far in 2011; as well as, 9 new commercial projects in 2010 with those being currently under construction. While Town staff continues to talk with developers for various mid to large scale commercial projects, very few are coming to pass. The Cracker Barrel Old Country Store and restaurant opened in 2010; currently, a new 124 suite congregate care facility is under construction and a new Dukes Restaurant; and two new specialty medical offices opened in Oakbrook near the hospital. Additionally, the Town has approved a Planned Unit Development and entered into a Development Agreement with the Mead Westvaco Corporation (MWV) for an approximately 400 acre development north of Interstate 26 that will contain a large commercial and retail center. MWV has already begun submitting plans for the first two large office buildings to be constructed that will be the new headquarters for the current MWV offices as well as other possible headquarters for a national corporation. The Town and Dorchester County completed the Retail Market Analysis in 2010 and the Town included some of the recommendations into the recently adopted Comprehensive Plan Update (Economic Development element) finalized this past February. With both documents completed, the Town can move forward with implementing the policy strategies and specific courses of action including the new branding logo to further promote the Town for additional business activity; specifically, those types of businesses lacking in the Town thus creating a significant revenue loss to the greater Charleston area.

The Local Aid to Subdivisions funding was cut by the State of South Carolina. A large portion of this cut was anticipated, however, and the effects were thereby minimized. Local Hospitality Tax collections have remained strong. Several new restaurants have opened and some are under construction. This fund will continue to remain strong as we have not seen any negative trend in this particular segment. Town-owned office/retail spaces will continue to generate rental income as we have long-term leases on these properties.

In conclusion, the numerous cuts in spending, conservative business practices, and improvements in green technologies and energy efficient upgrades to older facilities will help minimize costs. Although minimal residential growth is expected, we do see some commercial growth occurring in the next 12 months. All of these indicators were considered in developing and adopting the General Fund budget for 2011.

Requests for Information

This financial report is designed to provide a general overview of the Town of Summerville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town of Summerville Finance Department, 200 S. Main Street, Summerville, South Carolina 29483.

BASIC FINANCIAL STATEMENTS

TOWN OF SUMMERVILLE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
ASSETS	
Cash and investments	$ 16,138,136
Receivables - net of allowance for uncollectibles	
Taxes	4,602,296
Accounts	852,806
Due from other governments	7,421,848
Inventory	70,675
OPEB Asset	21,585
Deferred charge - issuance cost	90,859
Prepaids	362,855
Capital assets	
Nondepreciable	4,871,222
Depreciable, net of accumulated depreciation	87,096,425
Loans receivable	
Due within one year	8,098
Due in more than one year	359,219
TOTAL ASSETS	121,896,024
LIABILITIES	
Accounts payable	815,066
Accrued salaries and payroll liabilities	338,452
Deferred revenues	9,773,130
Accrued interest payable	121,651
Due to state	85,917
Court bonds payable	9,348
Noncurrent liabilities	
Due within one year	824,198
Due in more than one year	12,162,813
TOTAL LIABILITIES	24,130,575
NET ASSETS	
Invested in capital assets, net of related debt	79,919,807
Restricted for	
Capital acquisition	934,727
Debt service	334,248
Infrastructure	814,202
Public safety	920,551
Recreation	16,824
Tourism	3,328,518
Unrestricted	11,496,572
TOTAL NET ASSETS	$ 97,765,449

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
General government					
Administrative	$ 2,470,815	$ 5,940,717	$ 98,004	$ -	$ 3,567,906
Planning and annexation	784,631	506,329	-	-	(278,302)
Engineering	281,681	-	-	-	(281,681)
Municipal court	410,401	-	-	-	(410,401)
Maintenance	541,089	-	-	-	(541,089)
Public buildings and grounds	1,533,937	-	-	-	(1,533,937)
Public safety					
Police	6,399,532	1,197,272	65,811	575,739	(4,560,710)
Fire	5,753,740	74,058	257,518	-	(5,422,164)
Communications	962,333	206,687	-	-	(755,646)
Roads and drainage					
Street	5,644,928	1,563,885	130,035	-	(3,951,008)
Stormwater	814,368	1,012,683	-	-	198,315
Recreation	2,490,378	286,900	10,484	8,984	(2,184,010)
Interest and fees	499,853	-	-	-	(499,853)
Other postemployment benefits	189,140	-	-	-	(189,140)
Total governmental activities	$ 28,776,826	$ 10,788,531	$ 561,852	$ 584,723	(16,841,720)

General revenues	
Taxes	
Property, including fee in lieu of taxes	10,626,786
Franchise	1,879,986
Other	2,671,573
Grants and contributions not restricted to specific programs	1,244,143
Unrestricted revenue from use of money and property	118,828
Miscellaneous	83,037
Total general revenues	16,624,353
Change in net assets	(217,367)
Net assets	
Beginning of year	97,982,816
End of year	$ 97,765,449

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Local Hospitality Tax	Sanitation Fees	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 9,412,890	$ 3,068,774	$ -	$ 3,656,472	$ 16,138,136
Receivables - net of allowance for uncollectibles					
Taxes	4,602,296	-	-	-	4,602,296
Accounts	391,092	-	358,481	103,233	852,806
Due from other funds	1,573,600	-	-	-	1,573,600
Due from other governments	5,305,782	-	908,088	1,207,978	7,421,848
Inventory	58,534	-	-	12,141	70,675
Prepaids	362,820	-	-	35	362,855
Loans receivable	367,317	-	-	-	367,317
TOTAL ASSETS	$ 22,074,331	$ 3,068,774	$ 1,266,569	$ 4,979,859	$ 31,389,533
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 539,242	$ 1,480	$ -	$ 274,344	$ 815,066
Accrued salaries and payroll liabilities	309,778	-	-	28,674	338,452
Due to other funds	-	-	1,422,432	151,168	1,573,600
Deferred revenues	10,087,011	-	102,563	130,961	10,320,535
Due to state	85,917	-	-	-	85,917
Court bonds payable	9,348	-	-	-	9,348
TOTAL LIABILITIES	11,031,296	1,480	1,524,995	585,147	13,142,918
Fund Balances					
Reserved for					
Inventories	58,534	-	-	12,141	70,675
Encumbrances	303,361	21,860	-	131,284	456,505
Loans receivable	367,317	-	-	-	367,317
Unreserved					
Designated for					
Disaster and recovery	3,600,000	-	-	-	3,600,000
Capital improvements	500,000	-	-	-	500,000
Undesignated reported in					
General fund	6,213,823	-	-	-	6,213,823
Special revenue funds	-	3,045,434	(258,426)	3,917,039	6,704,047
Debt service fund	-	-	-	334,248	334,248
TOTAL FUND BALANCES	11,043,035	3,067,294	(258,426)	4,394,712	18,246,615
TOTAL LIABILITIES AND FUND BALANCES	$ 22,074,331	$ 3,068,774	$ 1,266,569	$ 4,979,859	$ 31,389,533

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total governmental fund balances		$ 18,246,615
Amounts reported for governmental activities in the statement of net assets are different because of the following:		
Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is $124,260,566 and the accumulated depreciation is $32,292,919.		91,967,647
Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds.		
State aid to subdivision	$ 313,881	
Sanitation fees	102,563	
Federal grant	130,961	
		547,405
Payments to fund other post-employment benefits in excess of the annual required contribution are reported as expenditures in governmental funds, but are deferred to future periods in the government-wide statements.		21,585
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (8,065,000)	
Less: deferred charge for issuance cost	90,859	
Plus: issuance premium	(92,255)	
Capital leases	(3,890,585)	
Compensated absences payable	(939,171)	
Accrued interest payable	(121,651)	
		(13,017,803)
Net assets of governmental activities		$ 97,765,449

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General	Local Hospitality Tax	Sanitation Fees	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenues					
Property taxes	$ 10,547,763	$ -	$ -	$ -	$ 10,547,763
Licenses, permits, and franchise taxes	7,978,239	2,382,968	-	580,662	10,941,869
Police fines	878,626	-	-	107,999	986,625
Miscellaneous revenues	779,378	13,002	1,461,322	1,076,399	3,330,101
Total local revenues	20,184,006	2,395,970	1,461,322	1,765,060	25,806,358
State revenues	1,389,109	-	-	442,002	1,831,111
Federal revenues	17,460	-	-	703,751	721,211
TOTAL REVENUES	21,590,575	2,395,970	1,461,322	2,910,813	28,358,680
EXPENDITURES					
Current					
General government					
Administrative	1,505,739	318,600	-	367,040	2,191,379
Planning and annexation	777,383	-	-	-	777,383
Engineering	274,630	-	-	-	274,630
Municipal court	403,071	-	-	-	403,071
Maintenance	508,481	-	-	380	508,861
Public buildings and grounds	731,921	5,251	-	-	737,172
Public safety					
Police	5,671,076	-	-	331,230	6,002,306
Fire	5,359,771	-	-	274,541	5,634,312
Communications	684,090	-	-	262,181	946,271
Roads and drainage					
Street	2,299,256	-	1,530,313	177,151	4,006,720
Stormwater	-	-	-	715,212	715,212
Recreation	2,162,397	21,423	-	-	2,183,820
Other postemployment benefit	210,725	-	-	-	210,725
Capital outlay	813,307	35,971	-	675,517	1,524,795
Debt service					
Principal	-	-	-	424,631	424,631
Interest and fees	-	-	-	506,029	506,029
TOTAL EXPENDITURES	21,401,847	381,245	1,530,313	3,733,912	27,047,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	188,728	2,014,725	(68,991)	(823,099)	1,311,363
OTHER FINANCING SOURCES (USES)					
Transfers in	1,275,143	-	-	1,175,271	2,450,414
Sale of capital assets	5,105	-	-	15,171	20,276
Transfers out	(1,087,509)	(1,355,655)	-	(7,250)	(2,450,414)
TOTAL OTHER FINANCING SOURCES (USES)	192,739	(1,355,655)	-	1,183,192	20,276
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	381,467	659,070	(68,991)	360,093	1,331,639
FUND BALANCE - Beginning	10,655,716	2,408,224	(189,435)	4,034,619	16,909,124
Increase in inventory reserve	5,852	-	-	-	5,852
FUND BALANCE - Ending	$ 11,043,035	$ 3,067,294	$ (258,426)	$ 4,394,712	$ 18,246,615

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds		$ 1,331,639
Amounts reported for governmental activities in the statement of activities are different because of the following:		
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 1,524,795	
Depreciation expense	(3,584,978)	
		(2,060,183)
The gain or loss on disposal of capital assets is reported in the statement of activities. Conversely, governmental funds generally do not report any gain or loss on disposal of capital assets.		
Cost of capital assets	$ (385,243)	
Accumulated depreciation	124,038	
Net book value		(261,205)
Because some revenues will not be collected for several months after the Town's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:		
State aid to subdivisions	$ (346,626)	
Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:		
Grant funds	130,961	
Sanitation fees	102,563	
State aid to subdivisions	313,881	
		200,779
OPEB payments in excess of plan requirements are recognized as expenditures in the fund statements, but are deferred on the statement of net assets.		21,585

(continued)

TOWN OF SUMMERVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal repayments		
Capital leases payable	$ 274,631	
Bonds payable	150,000	
Amortization of bond issuance costs	(1,690)	
Amortization of bond premium	1,716	
		$ 424,657
In the fund financial statement, inventories are recognized as an expenditure when purchased. Governmental activities recognize an expense for inventory when consumed.		5,852

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 the governmental funds. The details are as follows:

Compensated absences		
Current year	$ (939,171)	
Prior year	1,052,527	
Accrued interest expense		
Current year	(121,651)	
Prior year	127,804	
		119,509
Change in net assets of governmental activities		$ (217,367)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The ***Town of Summerville, South Carolina*** (the Town), operates under a charter originally granted by the State of South Carolina on December 17, 1847. The government is a municipal corporation governed by an elected Mayor and six-member council.

The Town provides the following services: general government (administrative services, planning and annexation, engineering, municipal court, maintenance, and public buildings and grounds), public safety (police, fire, and communications), roads and drainage (street and stormwater), and recreation.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in *GASB Statement No. 14*, which defines a primary government as an entity with a governing body elected in a general election, which is legally separate and fiscally independent. Any entity which does not meet the above criteria is potentially a component unit of a primary government.

A component unit is a legally separate entity for which a primary government is financially accountable by virtue of the fact that either the primary government appoints the governing board and is able to impose its will on the component unit, or the component unit provides financial benefits or imposes a financial burden on the primary government.

The Town is a legally separate and fiscally independent entity whose governing body is a Council whose members are elected in a general election and should, therefore, be considered a primary government. There are no entities which meet the criteria detailed above for inclusion with the Town's financial statements as component units.

B. Government-wide and Fund Financial Statements

1. Government-wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town does not have any business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

2. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The Town does not have any proprietary or fiduciary funds.

The Town uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Major Funds

The Town reports the following major governmental funds:

1. The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The *Local Hospitality Tax Fund* is a special revenue fund used to account for the taxes collected in the tourist related businesses, including restaurants and hotels. The expenditures of theses taxes must be related to or for the promotion of tourism.
3. The *Sanitation Fees Fund* is a special revenue fund used to account for solid waste collection fees assessed from the Town's property owners and businesses. The fees are required to be spent on the collection and disposal of solid waste within the Town limits.

Non-major Funds

In addition the Town reports the following non-major fund types:

1. The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.
2. The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

C. Measurement Focus and Basis of Accounting

The basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. *Basis of accounting* refers to when transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are reported 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.

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for federal and state grant revenue which is considered available if collected within three months. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and for acquisitions under capital leases are reported as other financing sources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, sales taxes, accommodations taxes, fines and forfeitures, grants, donations, and state-levied locally shared taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. State-levied locally shared taxes are recognized in the year appropriated by the state. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, fines and forfeitures, state-levied locally shared taxes, and certain charges for services, including stormwater and sanitation. Sales and accommodations taxes are recorded when the underlying transaction is made. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made. When grant funds are received in advance, revenue recognition is deferred until qualifying expenditures are made. Other revenues, including permits, licenses, some franchise taxes, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

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

D. Assets, Liabilities, and Equity

1. Deposits

The "deposits" classification is used only in the notes, not on the face of the statement of net assets or balance sheet. Deposits include only cash on hand, pooled money market funds, and certificates of deposit.

The Town considers cash and cash equivalents to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

2. Investments

Investments, including the Town's investment in the South Carolina Local Government Investment Pool (the Pool), are carried at fair value based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00.

The Town has a number of financial instruments, none of which are held for trading purposes. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Debt securities are reported at cost or amortized cost.

3. Receivables and Payables

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

Taxes receivable are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts, and the January 2009 property tax assessment levied for the 2010 fiscal year, which is deferred in the General Fund. The current property tax receivable allowance is equal to one percent of the current property tax levy.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

Accounts receivable of the General Fund are comprised of franchise taxes and reimbursements. Accounts receivable of the Special Revenue Funds are comprised of accommodations tax and stormwater utility fees. Management believes the accounts receivable are all collectible, so no provision for uncollectibles is necessary.

The loan receivable of the General Fund represents the balance of the amount to be paid by the Chamber of Commerce for the Visitors' Center. See Note III.C.

4. Inventories and Prepaid Items

Inventories consist primarily of supplies, fuel, and maintenance parts. Inventories are valued at cost, using the first-in, first-out method. In the Statement of Activities, inventory is recorded as an expense at the time the item is consumed. On the fund statements, inventory is recorded as an expenditure at the time the item is purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute available spendable resources even though they are a component of assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities in the government-wide financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not increase the capacity or efficiency of an item, or add to the value of the asset or materially extend the assets' lives beyond original estimates, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized.

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the Town's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	10 – 40 years
Infrastructure	15 – 50 years
Vehicles and rolling equipment	5 – 10 years
Furniture and equipment	5 – 10 years

6. Compensated Absences

The Town allows employees to accumulate unused sick leave with no limit. Sick leave will not be paid by the Town upon termination unless the employee is retiring in accordance with the Town's pension plan with more than 15 years of continuous full time service. In this case, the employee is paid for one-third of accumulated sick leave not to exceed the equivalent of 90 days. Employees are allowed to accumulate up to the equivalent of six weeks of accrued vacation. Upon termination, accumulated vacation will be paid to the employee. All vacation and compensatory pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources and represent matured liabilities, for example, as a result of employee resignations and retirements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

7. Long-Term Obligations

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

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

8. Equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - Consists of all other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund Statements

Governmental fund equity is classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reservations represent portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative plans by the Town for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

E. Accounting Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances, e.g., purchase orders, contracts, outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2010, expenditures and other financing uses exceeded appropriations as follows:

	Budget	Actual	Excess actual expenditures over budget
Municipal court	$ 398,844	$ 403,071	$ 4,227
Public buildings and grounds	$ 583,734	$ 731,921	$ 148,187
Communications	$ 674,280	$ 684,090	$ 9,810
Capital outlay	$ 723,305	$ 813,307	$ 90,002
Transfers out	$ 1,042,714	$ 1,087,509	$ 44,795

These over-expenditures were funded by greater than anticipated revenues.

C. Deficit Fund Equity

The following funds had deficit fund balances at year-end that are expected to be resolved as indicated:

Fund	Deficit	Resource for Elimination
Special Revenue Fund		
CTC Local Paving	$ 6,732	Future revenues
CDBG Grant	$ 14,900	Future revenues
Sanitation Fees	$ 258,426	Future revenues and cost containment
SLED Fire Grant	$ 134,103	Future revenues

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2010, $5,145,322 of the Town's investments were in the South Carolina Local Government Investment Pool which has a weighted average maturity of 90 days. The balance of investments was in certificates of deposit maturities ranging from 6 to 28 months, as follows:

6 - 12 months	$ 1,136,427
12 - 24 months	2,302,022
over 24 months	568,163
	$ 4,006,612

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. State statutes authorize the Town to invest in the following:

(1) Obligations of the United States and agencies thereof;

(2) General obligations of the State of South Carolina or any of its political units;

(3) Savings and loan association deposits to the extent insured by the Federal Depository Insurance Corporation;

(4) Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and

(5) No-load open or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the Town to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws and administered by the State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. The reported value of the Town's position in the pool, if any, is the same as the fair value of the pool shares.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount the Town may invest in any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. As of December 31, 2010, the Town's bank balance of $10,984,819 was fully insured or collateralized by government investments held by the pledging financial institutions' trust department or agent in the Town's name.

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

B. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, were as follows:

	General	Nonmajor Funds
Current taxes	$ 4,701,015	$ -
Delinquent taxes	199,402	-
Taxes	4,900,417	-
Less - Allowance for uncollectibles	(298,121)	-
Taxes, net of allowance	4,602,296	-
Accounts	391,092	461,714
Net receivables	$ 4,993,388	$ 461,714

C. Loans Receivable

In November 1998, the Town commenced construction of a visitors' center for the Chamber of Commerce. The building was constructed on land owned by Dorchester County. The Chamber, County, and Town entered into a lease-purchase agreement in June 2000 for $780,000 under which the Chamber will be given the option to purchase the facility at the end of the 30-year lease. The selling price attributable to the building was $450,000. The terms of the sale require the Chamber to make annual payments, including interest at 5%, to the Town and County for thirty years. The Town is receiving annual principal and interest payments of $26,538, with the remaining balance of $121,525 due in May 2029.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Chamber of Commerce	$ 375,029	$ -	$ 7,712	$ 367,317	$ 8,098

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/2009	Increases	Decreases	Balance 12/31/2010
Capital assets not being depreciated				
Land	$ 4,596,771	$ -	$ -	$ 4,596,771
Construction in progress	60,486	585,645	(371,680)	274,451
Total capital assets not being depreciated	4,657,257	585,645	(371,680)	4,871,222
Capital assets being depreciated				
Buildings	23,265,193	371,680	(251,552)	23,385,321
Improvements	6,039,697	-	-	6,039,697
Infrastructure	74,380,729	41,300	-	74,422,029
Vehicles and rolling equipment	11,424,226	838,223	(5,672)	12,256,777
Furniture and equipment	3,353,912	59,627	(128,019)	3,285,520
Total capital assets being depreciated	118,463,757	1,310,830	(385,243)	119,389,344
Total Cost	123,121,014	1,896,475	(756,923)	124,260,566
Accumulated depreciation				
Buildings	(3,241,716)	(829,174)	17,294	(4,053,596)
Improvements	(1,345,102)	(295,033)	-	(1,640,135)
Infrastructure	(15,472,048)	(1,495,988)	-	(16,968,036)
Vehicles and rolling equipment	(7,043,633)	(926,684)	-	(7,970,317)
Furniture and equipment	(1,729,480)	(38,099)	106,744	(1,660,835)
Total accumulated depreciation	(28,831,979)	(3,584,978)	124,038	(32,292,919)
Total capital assets being depreciated, net	89,631,778	(2,274,148)	(261,205)	87,096,425
Total capital assets	$ 94,289,035	$ (1,688,503)	$ (632,885)	$ 91,967,647

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to the functions as follows:

Administrative	$	44,533
Planning and annexation		1,348
Engineering		5,654
Municipal court		3,088
Maintenance		31,281
Building/Inspection		2,700
Public buildings and grounds		796,765
Police		348,867
Fire		240,382
Communications		42,578
Street		1,630,281
Stormwater		94,688
Recreation		342,813
Total depreciation expense	$	3,584,978

E. Interfund Receivables and Payables

The interfund receivables and payables at December 31, 2010, were as follows:

	Receivable Fund	Payable Fund
Major governmental fund		
General	$ 1,573,600	$ -
Sanitation fees	-	1,422,432
Nonmajor governmental funds	-	151,168
Total interfund balances	$ 1,573,600	$ 1,573,600

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

F. Transfers from (to) Other Funds

Interfund transfers for the year ended December 31, 2010, consisted of the following:

	Transfers in	Transfers out
Major governmental funds		
General	$ 1,275,143	$ 1,087,509
Local Hospitality Tax	-	1,355,655
Nonmajor governmental funds	1,175,271	7,250
Total interfund balances	$ 2,450,414	$ 2,450,414

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Transfers from (to) Other Funds (Continued)

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Deferred Revenues

Governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At December 31, 2010, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

Unearned	
Property taxes receivable	$ 4,602,259
Property taxes collected in 2010 for 2011 (including amounts held by county treasurer)	5,170,871
Total deferred revenues – statement of net assets	9,773,130
Unavailable	
State aid to subdivisions	313,881
Sanitation fees	102,563
Federal grant	130,961
Total deferred revenues – balance sheet	$ 10,320,535

H. Bond Issue Costs

Bond issue costs shown on the Statement of Net Assets are being amortized over the life of the outstanding bonds. Changes in bond issue costs for the year ended December 31, 2010, are as follows:

	January 1, 2010	Increases	Decreases	December 31, 2010
Bond issue costs				
2007 General Obligation Bonds	$ 95,760	$ -	$ -	$ 95,760
Less accumulated amortization				
2007 General Obligation Bonds	3,211	-	1,690	4,901
Net bond issue costs	$ 92,549	$ -	$ 1,690	$ 90,859

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Debt

The Town has the following forms of long-term indebtedness:

General Obligation Bonds – The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for use in governmental activities. The primary source of revenue for repayment of bonds is a transfer from the General Fund to the Debt Service Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the Town.

Lease Obligations – The Town uses leases to finance the purchase of the parking garage. The primary source of revenue for repayment of leases is a transfer from the Special Revenue Funds to the Debt Service Fund. The base lease for the parking garage is paid from the Hospitality Special Revenue Fund.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the general fund.

Changes in Long-Term Liabilities

During the year ended December 31, 2010, the following changes occurred in long-term liabilities of the Town.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds payable					
General obligation bonds	$ 8,215,000	$ -	$ 150,000	$ 8,065,000	$ 160,000
Deferred amounts for issuance premium	93,971	-	1,716	92,255	-
Total bonds payable	8,308,971	-	151,716	8,157,255	160,000
Capital project lease obligation	4,165,216	-	274,631	3,890,585	274,631
Compensated absences payable	1,052,529	309,271	422,629	939,171	389,567
Governmental activity Long-term liabilities	$13,526,716	$ 309,271	$ 848,976	$12,987,011	$ 824,198

General Obligation Bonds

The Town issued $8,500,000 of Series 2007 general obligation bonds during 2007. The bonds bear interest rates of 3.85% to 4.75%, and mature December 31, 2037.

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Debt (Continued)

The annual requirements for debt service on general obligation bonds outstanding at December 31, 2010, are summarized as follows:

Year ending June 30,	Principal	Interest	Total
2011	$ 160,000	$ 330,440	$ 490,440
2012	165,000	323,330	488,330
2013	175,000	315,893	490,893
2014	180,000	308,128	488,128
2015	190,000	300,034	490,034
2016-20	1,085,000	1,362,728	2,447,728
2021-25	1,350,000	1,089,952	2,439,952
2026-30	1,680,000	789,445	2,469,445
2031-35	2,100,000	414,000	2,514,000
2036-37	980,000	39,600	1,019,600
Subtotal	8,065,000	5,273,550	13,338,550
Plus (less) deferred amounts:			
Bond premiums	92,255	-	92,255
Total	$ 8,157,255	$ 5,273,550	$ 13,430,805

Capital Project Lease Obligation

The Town entered into a Project Lease with a regional bank on November 30, 2006. The Bank additionally entered into a Base Lease on the same date whereby the Bank leases from the Town the parcel of real property on which the Town has constructed a garage. The Town has financed a portion of the cost of improvements by the application of Base Lease Rent. A Town ordinance was duly enacted by the Town Council on November 8, 2006. In consideration of the financing of the Project, the Town received $4,925,000 on November 30, 2006. Payments are to be made semi-annually at 4.12% for a term of 15 years. The first payment was due May 31, 2007, with the final payment due November 30, 2021.

The future minimum lease obligations as of December 31, 2010, were as follows:

Year ending December 31,	Amount
2011	$ 443,438
2012	443,438
2013	443,439
2014	443,439
2015	443,439
2016-2020	2,217,192
2021	431,438
Total minimum lease payments	4,865,823
Less amount representing interest	(975,238)
Present value of minimum lease payment	$ 3,890,585

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Long-Term Debt (Continued)

The carrying value of the assets acquired through capital leases are as follows:

Parking garage	$ 5,620,466
Less accumulated depreciation	(349,338)
	$ 5,271,128

J. Operating Leases

The Town participates in certain leases accounted for as operating leases. The Town is obligated under lease agreements with various parties for the rental of office equipment. Rental expense associated with the leases for the year ended December 31, 2010, is $7,631. Payments are funded from the Town's General Fund.

Future minimum lease payments required for the remaining terms under the non-cancelable operating leases are as follows:

Year ending December 31,	Amount
2011	$ 6,561
2012	3,240
2013	3,240
2014	3,240
2015	1,620
Total	$ 17,901

In addition to the above, the Town holds other agreements with various parties for the rental of equipment and office space. These leases run on a month-to-month basis and are cancelable by either party.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of losses related to torts including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town is a member of the South Carolina Municipal Insurance and Risk Financing Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Town pays an annual premium to the Municipal Insurance and Risk Financing Fund for its general insurance. The South Carolina Municipal Insurance and Risk Financing Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Town did not have any significant reductions in insurance coverage from prior years, and there were no settlements which exceeded insurance coverage for any of the past three years.

B. Contingent Liabilities

Grants. Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (Continued)

Litigation. The Town is party to various legal proceedings which normally occur in governmental operations. These lawsuits involve issues related to annexation. In the opinion of the Town management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the Town's financial position.

Unemployment Compensation. The Town makes payments to the South Carolina Employment Security Commission on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at December 31, 2010, are not significant.

C. Deferred Compensation Plan

Internal Revenue Code Section 457 Plan. The Town offers a deferred compensation plan (the Plan) to all its employees under a plan administered by the ICMA Retirement Corporation. The Plan was established in accordance with Internal Revenue Code Section 457. There are no required employer contributions to the Plan. The Plan permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries and are not subject to claims of the employer's general creditors.

D. Defined Contribution Plan

Internal Revenue Code Section 401(k) Plan. The Town also offers its employees participation in a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k). All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

E. Defined Benefit Pension Plan

South Carolina Retirement and Police Officers' Retirement System

Plan Description. The Town contributes to both the South Carolina Retirement System (SCRS) and to the South Carolina Police Officers' Retirement System (SCPORS), which are cost-sharing multiple-employer defined benefit pension plans administered by the Retirement Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System is issued and publicly available on the internet at www.retirement.sc.gov, or by writing the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

IV. OTHER INFORMATION (CONTINUED)

E. Defined Benefit Pension Plan (Continued)

Funding Policy. Employees participating in the plans are required to contribute at a rate of 6.50% of their salary. Employers are required to contribute at the following actuarially determined rates:

	January through June 2010	July through December 2010
SCRS, Local Government	9.24% of salary	9.24% of salary
PORS, Class II	10.65% of salary	11.13% of salary

In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the Police Officers Retirement System also contribute .2% of payroll to provide a group life insurance benefit and .2% of payroll to provide an accidental death benefit for their participants.

The Town's contributions to SCRS for the years ended December 31, 2010, 2009, and 2008, were $470,984, $449,903, and $437,206, respectively. The Town's contributions to PORS for the years ended December 31, 2010, 2009, and 2008, were $748,024, $699,384, and $689,747, respectively. All employer contributions are equal to the required contributions for each year.

F. Postemployment Benefits other than Pensions

Plan Description. The Town sponsors a single-employer defined benefit healthcare plan (the Plan) that provides medical and dental insurance for retirees. Employees become eligible when the employee qualifies for the SCRS or PORS and has 12 years of service with the Town. The Plan is approved each year by Town Council; the contribution requirements of the Town and Plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree healthcare benefits.

As of July 1, 2009, the most recent measurement date, there were 303 covered participants; 3 members are retirees receiving benefits and 299 are active participants and their dependents.

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

Funding Policy. In prior years the Town contributed a fixed dollar amount indexed each year by the Consumer Price Index (CPI). In 2010, the Town contributed, on a monthly basis, $385 toward each retiree's monthly premiums. During 2010, retiree only healthcare coverage premiums were $412, and retiree family healthcare coverage was $1,105. For the healthcare plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The health and dental plans pay a percentage of allowed charges after the plan's deductible.

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits other than Pensions (Continued)

Annual OPEB Cost. The Town's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on a level percent of payroll increasing annually at 4%. The following table shows the components of the Town's ARC cost for 2010.

Normal cost	$ 158,600
30 year amortization of unfunded accrued liability (UAL)	70,800
Total annual required contribution	$ 229,400

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset) to the Plan. Contributions included $229,400, paid by the Town to the Plan to pre-fund benefits, and $26,600, made by the Town through payment of covered participants' explicit and implicit subsidized benefits.

Annual required contribution	$ 229,400
Administrative fees	5,015
Annual OPEB Cost (expense)	234,415
Contributions made (109% of annual cost)	(256,000)
Decrease in OPEB obligation	(21,585)
Net OPEB obligation - beginning of year	-
Net OPEB obligation (asset) - end of year	$ (21,585)

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

	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
12/31/2010	$ 234,415	$ 256,000	109%	$ 21,585
12/31/2009	$ 189,140	$ 189,140	100%	$ -

Funded Status and Funding Progress. As of July 1, 2009, the most recent valuation date, the actuarial accrued liability for benefits (AAL) and the unfunded actuarial accrued liability (UAAL) were as follows:

Actuarial Accrued Liability	Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Ratio of unfunded AAL to Covered Payroll
$ 1,794,100	$ 169,500	$ 1,624,600	9%	$10,830,300	15%

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits other than Pensions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Projected Unit Credit Method was used in the July 1, 2009, valuation. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), the Getzen Trend Model health cost trend assumption, with an initial annual healthcare cost trend rate of 8.10%, graded to 4.50% over 80 years. The ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010, was twenty-eight years.

G. Nonmonetary Transactions

During the year ended December 31, 2010, the Town received water and sewer services with an estimated value of $43,902 from Summerville Commissioners of Public Works (CPW) in exchange for the Town maintaining CPW's rights-of-way.

H. Property Taxes and Fees

Property taxes attach as an enforceable lien on property as of January 1 of the current year. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty in accordance with the dates set for payment of Dorchester, Berkeley, and Charleston County taxes (by January 15 of the following year). Penalty dates and rates are the same as that established by Dorchester, Berkeley, and Charleston County Councils (January 16 - 3 percent, February 2 - an additional 7 percent, and March 16 - an additional 5 percent). If taxes are not paid by March 15, they are turned over to the delinquent tax office for collection. Dorchester, Berkeley, and Charleston counties bill and collect current and delinquent property taxes under contractual agreements with the Town. Town tax revenues are recognized in the period for which they are levied; therefore, revenue recognition is deferred. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized when cash is received by the Town. The taxpayer must provide proof of payment to the Highway Department before the vehicle license will be renewed.

The Town has imposed upon all improved property in the town limits a sanitation collection fee, to be billed annually by the County Auditor on the property tax bill and collected by the County Treasurer in the same manner as provided for property taxes. Revenue is recognized when fees are received during the current calendar year or within 60 days subsequent to year-end.

The Town has a stormwater utility fee billed monthly by the Summerville Commissioners of Public Works (CPW) on the water bill and collected by CPW in the same manner as provided for monthly water billings. Revenue is recognized when fees are billed by CPW.

IV. OTHER INFORMATION (CONTINUED)

I. Construction Commitments

At December 31, 2010, the Town had the following construction commitments:

Playgrounds	$ 115,778
Road resurfacing	79,982
Park amenities	28,094
	$ 223,854

J. Pending GASB Statements

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the Town's year ending December 31, 2011. This statement establishes new, and redefines existing, fund balance classifications.

The effect of implementation of this statement on the financial statements has not been determined.

K. Restatement of Previously Issued Financial Statements

As a result of an internal review of outstanding encumbrances during 2011, management determined that amounts reported as reserved for encumbrances were overstated, and unreserved, undesignated fund balance was understated in the financial statements as of and for the year ended December 31, 2010 that were issued on June 5, 2011 as follows:

	As originally presented	Correction	As amended
Nonmajor funds			
Residential Impact Fees Fund			
Reserved for:			
Encumbrances	$ 153,101	$ (25,323)	$ 127,778
	426,170	25,323	451,493
Total Fund Balance	$ 579,271	$ -	$ 579,271
Stormwater Fund			
Reserved for:			
Encumbrances	$ 153,955	$ (153,955)	$ -
Inventories	12,141	-	12,141
Unreserved, undesignated Special revenue funds	349,625	153,955	503,580
Total Fund Balance	$ 515,721	$ -	$ 515,721
Total Nonmajor Funds			
Reserved for:			
Encumbrances	$ 310,562	$ (179,278)	$ 131,284
Inventories	12,141	-	12,141
Unreserved, undesignated			
Special revenue funds	3,737,761	179,278	3,917,039
Debt service funds	334,248	-	334,248
Total Fund Balance	$ 4,394,712	$ -	$ 4,394,712

IV. OTHER INFORMATION (CONTINUED)

K. Restatement of Previously Issued Financial Statements (continued)

	As originally presented	Correction	As amended
Total Fund Balance			
Reserved for:			
Encumbrances	$ 635,783	$ (179,278)	$ 456,505
Inventories	70,675	-	70,675
Loans receivable	367,317	-	367,317
Unreserved			
Designated for:			
Disaster and recovery	3,600,000	-	3,600,000
Capital improvements	500,000	-	500,000
Undesignated, reported in			
General fund	6,213,823	-	6,213,823
Special revenue funds	6,524,769	179,278	6,704,047
Debt service fund	334,248	-	334,248
	$ 18,246,615	$ -	$ 18,246,615

The error occurred because previously issued encumbrances were not released when the related payable and expenditure were recognized. The correction has no effect on previously stated net assets or changes in net assets of the government-wide financial statements, or the previously stated current fund surplus/(deficits) of the fund financial statements.

L. Subsequent Events

Subsequent to year end Council approved the following transactions:

- The purchase of vehicles and equipment in the amount of $176,803, to be paid from funds budgeted for the purpose in the General Fund.
- The purchase of police vehicles and equipment in the amount of $216,230, to be paid from confiscated drug funds and insurance proceeds.
- The negotiation of a capital lease to be used to purchase of road repair equipment for approximately $148,000.
- A contract award in the amount of $767,951 for road repair and resurfacing, the cost to be reimbursed from County Transportation Committee funds.

For the originally issued financial statements, management has evaluated subsequent events through June 5, 2011, the date the originally issued financial statements were available to be issued. For the reissued financial statements, management evaluated subsequent events through September 9, 2011, the date which the reissued financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

TOWN OF SUMMERVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance - with Final Budget
REVENUES				
Local revenues				
Property taxes	$ 9,284,000	$ 9,284,000	$ 10,547,763	$ 1,263,763
Licenses, permits, and franchise taxes	7,726,200	7,726,200	7,978,239	252,039
Police fines	814,283	814,283	878,626	64,343
Miscellaneous revenues	619,392	619,392	779,378	159,986
Total local revenues	18,443,875	18,443,875	20,184,006	1,740,131
State revenues	1,434,883	1,434,883	1,389,109	(45,774)
Federal revenues	33,675	33,675	17,460	(16,215)
TOTAL REVENUES	19,912,433	19,912,433	21,590,575	1,678,142
EXPENDITURES				
Current				
General government				
Administrative	1,616,928	1,616,928	1,505,739	111,189
Planning and annexation	752,267	780,342	777,383	2,959
Engineering	284,521	284,521	274,630	9,891
Municipal court	398,844	398,844	403,071	(4,227)
Maintenance	547,227	547,227	508,481	38,746
Public buildings and grounds	583,734	583,734	731,921	(148,187)
Public safety				
Police	5,695,745	5,695,745	5,671,076	24,669
Fire	5,401,926	5,401,926	5,359,771	42,155
Communications	674,280	674,280	684,090	(9,810)
Roads and drainage				
Street	2,300,381	2,300,381	2,299,256	1,125
Recreation	2,241,227	2,241,227	2,162,397	78,830
Other postemployment benefit	200,000	300,080	210,725	89,355
Capital outlay	450,699	723,305	813,307	(90,002)
TOTAL EXPENDITURES	21,147,779	21,548,540	21,401,847	146,693
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,235,346)	(1,636,107)	188,728	1,824,835
OTHER FINANCING SOURCES (USES)				
Transfers in	953,438	953,438	1,275,143	321,705
Sale of capital assets	25,000	25,000	5,105	(19,895)
Transfers out	(1,042,714)	(1,042,714)	(1,087,509)	(44,795)
TOTAL OTHER FINANCING SOURCES (USES)	(64,276)	(64,276)	192,739	257,015
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (1,299,622)	$ (1,700,383)	381,467	$ 2,081,850
FUND BALANCE				
Beginning			10,655,716	
Increase in inventory reserve			5,852	
Ending			$ 11,043,035	

TOWN OF SUMMERVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
YEAR ENDED DECEMBER 31, 2010

A. Summary of Significant Accounting Policies

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year-end. In October of each year, all departments of the Town submit requests for appropriations to the Town Administrator so that a budget may be prepared. On the second Tuesday of November, the proposed budget is presented to the Town's Council for review. The Council holds public hearings and a final budget must be adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator. The legal level of budgetary control is the function level.

Supplementary appropriations in the General Fund amounted to $400,761. The budget amendment was funded from fund balance.

TOWN OF SUMMERVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGESS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/2009	$ 169,500	$ 1,794,100	$ 1,624,600	9%	$ 10,830,300	15%
7/1/2007	$ -	$ 1,399,000	$ 1,399,000	0%	$ 8,580,000	16%

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMPARATIVE SCHEDULES OF REVENUES
GENERAL FUND
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
LOCAL REVENUES		
Property taxes		
Real and personal	$ 9,611,328	$ 9,048,365
Vehicles	936,435	1,036,980
Total property taxes	10,547,763	10,085,345
Licenses, permits, and franchise taxes		
Business licenses	5,867,446	5,986,023
Building permits	305,240	249,817
Franchise taxes	1,805,553	1,727,905
Total licenses, permits, and taxes	7,978,239	7,963,745
Police fines and fees	878,626	724,091
Miscellaneous revenues		
Parks and playground	164,225	182,269
Interest	100,353	87,998
Reimbursement from School District Two	140,000	140,000
Other	374,800	286,810
Total miscellaneous revenues	779,378	697,077
Total local revenues	$ 20,184,006	$ 19,470,258
STATE REVENUES		
Aid to subdivisions	$ 692,297	$ 770,584
Accommodations tax	33,198	33,756
Inventory tax	78,601	78,601
Local option sales tax	584,591	568,294
Manufacturers' exemption	422	17,725
Total state revenues	$ 1,389,109	$ 1,468,960
FEDERAL REVENUES	$ 17,460	$ 9,873

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMPARATIVE SCHEDULES OF EXPENDITURES
GENERAL FUND
YEARS ENDED DECEMBER 31, 2010 AND 2009

	Year Ended December 31, 2010			Year Ended December 31, 2009		
	Personnel	Operating	Total	Personnel	Operating	Total
CURRENT						
General Government						
Administrative	$ 1,162,235	$ 343,504	$ 1,505,739	$ 955,642	$ 319,992	$ 1,275,634
Planning and annexation	674,493	102,890	777,383	666,594	45,979	712,573
Engineering	257,379	17,251	274,630	250,610	18,760	269,370
Municipal court	350,775	52,296	403,071	325,421	44,724	370,145
Maintenance	415,911	92,570	508,481	401,522	78,011	479,533
Public building and grounds	-	731,921	731,921	-	713,390	713,390
Public Safety						
Police	5,055,342	615,734	5,671,076	4,774,987	512,721	5,287,708
Fire	4,938,328	421,443	5,359,771	4,690,368	379,356	5,069,724
Communications	634,237	49,853	684,090	621,097	59,198	680,295
Roads and Drainage						
Street	1,419,497	879,759	2,299,256	1,352,430	891,041	2,243,471
Recreation	1,652,588	509,809	2,162,397	1,536,868	572,036	2,108,904
Other post - employment benefit	210,725	-	210,725	198,790	-	198,790
CAPITAL OUTLAY	-	813,307	813,307	-	584,271	584,271
	$ 16,771,510	$ 4,630,337	$ 21,401,847	$ 15,774,329	$ 4,219,479	$ 19,993,808

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue				
	Firemen's 1% Fund	Federal Equitable Sharing	State Drug Fund	Town Hall Building	Residential Impact Fees
ASSETS					
Cash and investments	$ 147,902	$ 526,407	$ 90,831	$ 711,206	$ 604,594
Accounts receivable	-	-	3,660	-	-
Due from other governments	-	-	-	-	-
Prepaids	-	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	$ 147,902	$ 526,407	$ 94,491	$ 711,206	$ 604,594
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,255	$ -	$ 26,377	$ -	$ 25,323
Accrued salaries and payroll liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
TOTAL LIABILITIES	1,255	-	26,377	-	25,323
FUND BALANCE					
Reserved for:					
Encumbrances					
Special revenue fund	-	-	2,262	-	127,778
Inventories	-	-	-	-	-
Unreserved, undesignated					
Special revenue fund	146,647	526,407	65,852	711,206	451,493
Debt service fund	-	-	-	-	-
TOTAL FUND BALANCE	146,647	526,407	68,114	711,206	579,271
TOTAL LIABILITIES AND FUND BALANCE	$ 147,902	$ 526,407	$ 94,491	$ 711,206	$ 604,594

(Continued)

Commercial Impact Fees	Accom-modations Tax	Local Accom-modations	E911 Fund	Local Law Enforcement Block Grant	Traffic Enforcement Grant	COPS Hiring Grant	Saul Alexander Fund
$ 84,785	$ 131,610	$ 91,226	$ 20,355	$ 938	$ 8,174	$ -	$ 17,618
-	-	18,337	1,152	-	-	-	-
-	41,911	-	28,760	-	-	11,257	17,968
-	-	-	-	-	20	15	-
-	-	-	-	-	-	-	-
$ 84,785	$ 173,521	$ 109,563	$ 50,267	$ 938	$ 8,194	$ 11,272	$ 35,586
$ -	$ -	$ -	$ 471	$ -	$ -	$ 1,408	$ 23,656
-	-	-	-	-	-	1,580	-
-	-	-	-	-	-	7,775	-
-	-	-	-	-	-	-	-
-	-	-	471	-	-	10,763	23,656
-	-	-	-	-	-	-	1,244
-	-	-	-	-	-	-	-
84,785	173,521	109,563	49,796	938	8,194	509	10,686
-	-	-	-	-	-	-	-
84,785	173,521	109,563	49,796	938	8,194	509	11,930
$ 84,785	$ 173,521	$ 109,563	$ 50,267	$ 938	$ 8,194	$ 11,272	$ 35,586

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue (Continued)				
	Victims' Advocate	Local Police Grant	CTC Local Paving	Major Road Repairs	CTC SCDOT Paving
ASSETS					
Cash and investments	$ 14,704	$ 50,818	$ -	$ 150,425	$ 1,077
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	24,898
Prepaids	-	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	$ 14,704	$ 50,818	$ -	$ 150,425	$ 25,975
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,141	$ 1,477	$ 6,732	$ 279	$ -
Accrued salaries and payroll liabilities	5,477	402	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
TOTAL LIABILITIES	6,618	1,879	6,732	279	-
FUND BALANCE					
Reserved for:					
Encumbrances					
Special revenue fund	-	-	-	-	-
Inventories	-	-	-	-	-
Unreserved, undesignated					
Special revenue fund	8,086	48,939	(6,732)	150,146	25,975
Debt service fund	-	-	-	-	-
TOTAL FUND BALANCE	8,086	48,939	(6,732)	150,146	25,975
TOTAL LIABILITIES AND FUND BALANCE	$ 14,704	$ 50,818	$ -	$ 150,425	$ 25,975

(Continued)

Sawmill Branch Bike Trail	SLED Fire Grant	Cuthbert Memorial Fund	CDBG Grant	Non-Standard Service Fund	H. Jessen Landing Picnic
$ -	$ -	$ 1,309	$ -	$ -	$ 3,585
-	-	-	-	-	-
-	130,961	-	-	952,223	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ 130,961	$ 1,309	$ -	$ 952,223	$ 3,585
$ -	$ 23,106	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	110,997	-	14,900	17,496	-
-	130,961	-	-	-	-
-	265,064	-	14,900	17,496	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(134,103)	1,309	(14,900)	934,727	3,585
-	-	-	-	-	-
-	(134,103)	1,309	(14,900)	934,727	3,585
$ -	$ 130,961	$ 1,309	$ -	$ 952,223	$ 3,585

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue (Continued)				
	FEMA Fire Grant	Fire Training	Farmers Market	Child Fitting Station	Stormwater
ASSETS					
Cash and investments	$ 64	$ 17,060	$ 39,706	$ -	$ 607,830
Accounts receivable	-	-	-	-	80,084
Due from other governments	-	-	-	-	-
Prepaids	-	-	-	-	-
Inventory	-	-	-	-	12,141
TOTAL ASSETS	$ 64	$ 17,060	$ 39,706	$ -	$ 700,055
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ 163,119
Accrued salaries and payroll liabilities	-	-	-	-	21,215
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	184,334
FUND BALANCE					
Reserved for:					
Encumbrances					
Special revenue fund	-	-	-	-	-
Inventories	-	-	-	-	12,141
Unreserved, undesignated					
Special revenue fund	64	17,060	39,706	-	503,580
Debt service fund	-	-	-	-	-
TOTAL FUND BALANCE	64	17,060	39,706	-	515,721
TOTAL LIABILITIES AND FUND BALANCE	$ 64	$ 17,060	$ 39,706	$ -	$ 700,055

Debt Service Fund	Total Nonmajor Governmental Funds
$ 334,248	$ 3,656,472
-	103,233
-	1,207,978
-	35
-	12,141
$ 334,248	$ 4,979,859
$ -	$ 274,344
-	28,674
-	151,168
-	130,961
-	585,147
-	131,284
-	12,141
-	3,917,039
334,248	334,248
334,248	4,394,712
$ 334,248	$ 4,979,859

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Special Revenue				
	Firemen's 1% Fund	Federal Equitable Sharing	State Drug Fund	Town Hall Building	Residential Impact Fees
REVENUES					
Local revenues					
Licenses, permits, and franchise taxes	$ -	$ -	$ -	$ -	$ 132,737
Police fines	-	-	-	-	-
Miscellaneous revenues	35	369	81	761	2,878
Total local revenues	35	369	81	761	135,615
State	126,557	-	29,648	-	-
Federal	-	556,539	-	-	-
TOTAL REVENUES	126,592	556,908	29,729	761	135,615
EXPENDITURES					
Current					
Administrative	-	-	-	-	-
Police	-	47,315	34,901	-	-
Fire	126,479	-	-	-	27,378
Communications	-	-	-	-	-
Street	-	-	-	-	-
Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Capital outlay	-	69,093	-	-	217,213
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	126,479	116,408	34,901	-	244,591
EXCESS REVENUES OVER (UNDER) EXPENDITURES	113	440,500	(5,172)	761	(108,976)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	2,195	4,301	8,675	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,195	4,301	8,675	-	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	2,308	444,801	3,503	761	(108,976)
FUND BALANCE					
Beginning	144,339	81,606	64,611	710,445	688,247
Ending	$ 146,647	$ 526,407	$ 68,114	$ 711,206	$ 579,271

(Continued)

Commercial Impact Fees	Accom-modations Tax	Local Accom-modations	E911 Fund	Local Law Enforcement Block Grant	Traffic Enforcement Grant	COPS Hiring Grant	Saul Alexander Fund
$ 68,352	$ -	$ 99,645	$ 205,495	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
404	605	357	1,192	50	-	-	19,468
68,756	605	100,002	206,687	50	-	-	19,468
-	155,762	-	-	-	-	-	-
-	-	-	-	36,211	-	11,257	-
68,756	156,367	100,002	206,687	36,261	-	11,257	19,468
-	148,418	106,023	-	-	-	-	-
-	-	-	-	35,323	117	11,257	-
-	-	-	-	-	-	-	-
-	-	-	262,181	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	380
-	-	-	-	-	-	-	-
39,243	-	-	-	-	-	-	23,656
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,243	148,418	106,023	262,181	35,323	117	11,257	24,036
29,513	7,949	(6,021)	(55,494)	938	(117)	-	(4,568)
-	-	-	-	-	-	509	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	509	-
29,513	7,949	(6,021)	(55,494)	938	(117)	509	(4,568)
55,272	165,572	115,584	105,290	-	8,311	-	16,498
$ 84,785	$ 173,521	$ 109,563	$ 49,796	$ 938	$ 8,194	$ 509	$ 11,930

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Special Revenue (Continued)				
	Victims' Advocate	Local Police Grant	CTC Local Paving	Major Road Repairs	CTC SCDOT Paving
REVENUES					
Local revenues					
Licenses, permits, and franchise taxes	$ -	$ -	$ -	$ -	$ -
Police fines	107,999	-	-	-	-
Miscellaneous revenues	-	18,343	-	-	-
Total local revenues	107,999	18,343	-	-	-
State	-	-	104,060	-	25,975
Federal	-	-	-	-	-
TOTAL REVENUES	107,999	18,343	104,060	-	25,975
EXPENDITURES					
Current					
Administrative	-	-	-	-	-
Police	96,748	102,584	-	-	-
Fire	-	-	-	-	-
Communications	-	-	-	-	-
Street	-	-	160,792	16,359	-
Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Capital outlay	16,415	-	41,300	61,988	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	113,163	102,584	202,092	78,347	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(5,164)	(84,241)	(98,032)	(78,347)	25,975
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	91,300	60,600	-
Proceeds from sale of assets	-	-	-	-	-
Transfers out	-	-	-	(7,250)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	91,300	53,350	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(5,164)	(84,241)	(6,732)	(24,997)	25,975
FUND BALANCE					
Beginning	13,250	133,180	-	175,143	-
Ending	$ 8,086	$ 48,939	$ (6,732)	$ 150,146	$ 25,975

(Continued)

Sawmill Branch Bike Trail	SLED Fire Grant	Cuthbert Memorial Fund	CDBG Grant	Non-Standard Service Fund	H. Jessen Landing Picnic
$ -	$ -	$ -	$ -	$ 74,433	$ -
-	-	-	-	-	-
-	8,625	-	-	-	-
-	8,625	-	-	74,433	-
-	-	-	-	-	-
-	-	-	98,004	-	-
-	8,625	-	98,004	74,433	-
-	-	-	107,768	-	-
-	-	-	-	-	-
-	120,684	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,512	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,512	120,684	-	107,768	-	-
(30,512)	(112,059)	-	(9,764)	74,433	-
30,512	2,261	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,512	2,261	-	-	-	-
-	(109,798)	-	(9,764)	74,433	-
-	(24,305)	1,309	(5,136)	860,294	3,585
$ -	$ (134,103)	$ 1,309	$ (14,900)	$ 934,727	$ 3,585

TOWN OF SUMMERVILLE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Special Revenue Fund (Continued)				
	FEMA Fire Grant	Fire Training	Farmers Market	Child Fitting Station	Stormwater
REVENUES					
Local revenues					
Licenses, permits, and franchise taxes	$ -	$ -	$ -	$ -	$ -
Police fines	-	-	-	-	-
Miscellaneous revenues	-	-	10,387	-	1,012,844
Total local revenues	-	-	10,387	-	1,012,844
State	-	-	-	-	-
Federal	-	-	-	1,740	-
TOTAL REVENUES	-	-	10,387	1,740	1,012,844
EXPENDITURES					
Current					
Administrative	-	-	4,831	-	-
Police	-	-	-	2,985	-
Fire	-	-	-	-	-
Communications	-	-	-	-	-
Street	-	-	-	-	-
Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	715,212
Capital outlay	-	-	-	-	176,097
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	-	-	4,831	2,985	891,309
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	5,556	(1,245)	121,535
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	725	7,250
Proceeds from sale of assets	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	725	7,250
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	-	-	5,556	(520)	128,785
FUND BALANCE					
Beginning	64	17,060	34,150	520	386,936
Ending	$ 64	$ 17,060	$ 39,706	$ -	$ 515,721

Debt Service Fund	Nonmajor Governmental Funds
$ -	$ 580,662
-	107,999
-	1,076,399
-	1,765,060
-	442,002
-	703,751
-	2,910,813
-	367,040
-	331,230
-	274,541
-	262,181
-	177,151
-	380
-	715,212
-	675,517
424,631	424,631
506,029	506,029
930,660	3,733,912
(930,660)	(823,099)
982,114	1,175,271
-	15,171
-	(7,250)
982,114	1,183,192
51,454	360,093
282,794	4,034,619
$ 334,248	$ 4,394,712

TOWN OF SUMMERVILLE, SOUTH CAROLINA
SCHEDULE OF ASSESSED PROPERTY VALUES, MILLAGE RATES, AND TAXES LEVIED
FOR THE TWENTY-FIVE YEAR PERIOD (UNAUDITED)
DECEMBER 31, 1986, THROUGH DECEMBER 31, 2010

Year Ended December 31,	Assessed Property Values				Millage Rate		
	Real Estate	Personal Property	Vehicles	Total Property	Total Millage Rate	General Purposes	Debt Service Fund
1986	$ 13,816,730	* $ 3,564,740	$ -	$ 17,381,470	75.0	75.0	-
1987	16,487,710	* 4,017,630	-	20,505,340	75.0	75.0	-
1988	19,675,420	* 3,705,640	-	23,381,060	75.0	75.0	-
1989	19,783,700	* 3,740,480	-	23,524,180	85.0	75.0	10.0
1990	21,381,490	* 4,256,310	-	25,637,800	85.0	75.0	10.0
1991 **	35,222,570	* 4,886,480	-	40,109,050	73.0	66.0	7.0
1992	34,924,800	* 6,411,370	-	41,336,170	73.0	66.0	7.0
1993	35,948,140	6,286,570	6,797,700	49,032,410	73.0	66.0	7.0
1994	37,504,840	7,225,160	7,969,180	52,699,180	73.0	66.0	7.0
1995 **	38,082,810	7,313,950	8,627,360	54,024,120	83.0	75.0	8.0
1996 ***	38,059,900	7,462,650	9,585,650	55,108,200	83.0	75.0	8.0
1997	39,548,633	7,833,160	10,480,528	57,862,321	83.0	83.0	-
1998	40,295,070	7,630,958	10,978,834	58,904,862	83.0	83.0	-
1999	41,443,010	7,623,280	11,062,410	60,128,700	83.0	83.0	-
2000 **	50,697,740	8,795,783	13,394,489	72,888,012	80.0	80.0	-
2001	51,895,380	9,841,160	14,389,919	76,126,459	80.0	80.0	-
2002	54,656,460	10,015,800	15,387,060	80,059,320	80.0	80.0	-
2003	60,199,180	10,050,025	15,094,210	85,343,415	80.0	80.0	-
2004	64,019,030	11,203,840	14,927,374	90,150,244	80.0	80.0	-
2005 **	98,931,020	11,741,020	15,438,520	126,110,560	56.1	56.1	-
2006	105,013,390	11,809,740	15,634,746	132,457,876	56.1	56.1	-
2007	107,703,367	11,790,460	16,710,730	136,204,557	56.1	56.1	-
2008	114,346,587	12,737,410	15,990,175	143,074,172	67.48	63.73	3.75
2009	145,628,791	11,814,395	15,122,935	172,566,121	62.40	62.40	-
2010 **	144,917,837	13,623,542	12,778,168	171,319,547	62.40	62.40	-

* Exclusive of vehicle taxes (1986 - 1992).

** Reassessment in accordance with Act 208 of South Carolina General Assembly.

*** Debt Service millage includes both Debt Service and Capital Projects.

TOWN OF SUMMERVILLE, SOUTH CAROLINA
SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES
YEAR ENDED DECEMBER 31, 2010

REVENUES	
Collections	
Fines	$ 878,626
Assessments and surcharges	1,088,747
Total collections	1,967,373
Fines retained by Town for general fund	(878,626)
Assessments and surcharges remitted to state treasurer	(980,748)
Total funds not required to be retained for Victims' Assistance Program	(1,859,374)
REVENUES RETAINED BY TOWN FOR VICTIMS' ASSISTANCE PROGRAM	107,999
EXPENDITURES	
Salaries and related benefits	81,827
Audit fees	1,000
Miscellaneous	13,921
Capital outlay	16,415
TOTAL PROGRAM EXPENDITURES	113,163
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,164)
BALANCES CARRIED FORWARD	
Beginning of year	13,250
End of year	$ 8,086

GOVERNMENT AUDITING STANDARDS REPORT

WR Webster Rogers LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Members of Town Council
Town of Summerville, South Carolina
Summerville, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Summerville, South Carolina, as of and for the year ended December 31, 2010, which collectively comprise the Town of Summerville, South Carolina's basic financial statements and have issued our report thereon dated September 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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We noted certain matters that we reported to management of Town of Summerville, South Carolina, in a separate letter dated September 9, 2011.

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

Webster Rogers LLP

Summerville, South Carolina
September 9, 2011