

**CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**



**PREPARED BY
CITY OF FLORENCE, SOUTH CAROLINA
FINANCE DEPARTMENT**

INTRODUCTORY SECTION

**CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

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November 30, 2016

Honorable Mayor, Members of City Council, City Manager,
and Citizens of the City of Florence, South Carolina:

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Florence (the City) for the fiscal year ended June 30, 2016.

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

The City's financial statements have been audited by Burch, Oxner, Seale Company, CPAs, P.A., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Florence was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the federal awards section of this report.

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

The City's financial statements include government-wide financial statements as well as fund-by-fund financial information. The government-wide financial statements include a Statement of Net Position that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this report includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. This report provides in the MD&A financial highlights and an interpretation of the financial reports through trend analysis and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

Profile of the Government

The City, chartered in 1890, is located in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of seven counties that comprise what is commonly referred to as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 21 square miles and serves a population in excess of 37,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by governing council.

The City of Florence operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, Municipal Judge, and City Attorney. The City Manager is responsible for carrying out policies and ordinances of the City Council for overseeing the day-to-day operations of the City, and for appointing the directors of various departments. The Council is elected through a partisan election process. Council members serve four-year staggered terms, with three Council members elected every two years. The Mayor is elected to serve a four-year term. The Mayor and three members of Council are elected at large. The remaining three members of Council are elected by district.

The City provides a full range of services, including: police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation services; parks, recreational, and athletic activities and events; planning and zoning services; water production and distribution services; wastewater collection and treatment services; and storm water collection services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests to develop a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level. Budget appropriations may be amended by council as necessary during the fiscal year. Budget-to-actual comparisons are provided in this financial report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 40 as part of the basic financial statements for the governmental funds.

Local Economy

The City of Florence is located at the economic and cultural heart of the Pee Dee region situated between the Piedmont and Coastal sections of South Carolina. The City is the economic center of the Pee Dee region and serves the northeastern portion of the state as a major thoroughfare and service community. Florence's location makes it especially desirable for development and expansion. As a significant transportation connector, with Interstate 95 and Interstate 20 intersecting at the city limits, Florence is among the top commercial, industrial, medical, and service centers in the state. In addition to the two major interstate highways, Florence is accessible to a regional airport, numerous trucking terminals, and both Amtrak and CSX Transportation railway services.

Florence County is home to many domestic and international businesses and ranks as one of the strongest internationally diverse economies in the state. The investments in the Florence area of companies such as GE, Roche Carolina, Honda, Nan Ya Plastics, Johnson Controls, QVC, Monster.com, Otis Elevator, and Ruiz Foods have contributed significantly to overall capital investments and job creation in the area.

The healthcare industry in Florence continues to be one of the best in the nation, and the growth in area healthcare continues. Florence boasts two major hospital systems – McLeod Regional Medical System and Carolinas Hospital System. Florence leads the region as a center for health care excellence with numerous healthcare specialists, medical, eye care, and dental practices also located in the City.

The City of Florence is home to numerous shopping and dining venues offering an assortment of shopping malls, superstores, regional and national retail and restaurant establishments, and locally owned retail stores. Magnolia Mall, Magnolia Commons, The Plaza at Magnolia, Florence Mall, and a variety of other shops and stores throughout the city attract customers from all of Florence County as well as surrounding counties in the Pee Dee Region. Of the total retail sales in the seven Pee Dee counties, more than half comes from Florence County.

The Florence City County Civic Center, a joint capital venture between the City and County of Florence, was opened in 1993. This multi-functional facility complements the recreational, cultural and tourism related activities provided in Florence. The

Civic Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor football games, concerts, circuses, rodeos, and a variety of other assorted shows.

Downtown revitalization serves as a key element in the local economy and growth of Florence. A Downtown Master Redevelopment plan was presented to the public in 2001 as a strategic process for transforming downtown Florence into the cultural and economic heart of the Pee Dee it once was. The focus of the master plan was the role of the downtown as the heart of the city utilizing economic, physical and management strategies of implementation. As part of the master plan implementation process a 501(c) (3) tax-exempt charitable corporation, the Florence Downtown Development Corporation, was formed. City staff works with the Downtown Development Corporation, the Florence Downtown Merchants Association, and others involved with the revitalization effort in support of a long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of downtown Florence. In 2005, City Council adopted an ordinance that created an overlay district for downtown redevelopment, established design guidelines in the overlay district, and created powers and rules of procedure for a Downtown Design Review Board. On December 18, 2006 City Council adopted an ordinance creating a Tax Increment Financing (TIF) district incorporating the overlay district for downtown redevelopment as adopted by Council in 2005. Proceeds resulting from the tax increment financing district are now being used for public improvements in support of downtown development. To further encourage downtown redevelopment City Council adopted an ordinance in October 2011 that provided for the establishment of a Downtown Economic Development Incentive Program. The incentives were specifically identified and approved when City Council adopted a resolution in February 2012 authorizing a number of incentives designed to encourage the revitalization of the downtown area. Additional downtown business redevelopment and historical building incentives were approved through a resolution adopted by City Council in February 2015 to encourage the revitalization of downtown Florence by existing property owners, tenants and potential developers.

Proximity to the grand strand and the intersection of two major interstate highways in the area contribute to the growing attraction of accommodation and hospitality industries to Florence. Numerous hotels and restaurants, many of which are national chains, have located near the Florence Civic Center and Magnolia Mall as well as along the intersection of Interstate 95 and U.S. Highway 52.

Florence is fortunate to have a diverse economy, and economic development continues in both the City and County of Florence. Florence has been recognized nationally as a prime destination for business and industry because of its accessibility and the availability of land suitable for industrial and commercial development.

Long Term Financial Planning

As part of the City's planning and needs evaluation process, essential projects and initiatives to be implemented over the course of several years have been identified. Through such planning and evaluation, the City has created a structured approach to meeting challenges, effecting change, and achieving goals on a multi-year basis with funding incorporated into the operating budgets. Initiatives include downtown redevelopment, neighborhood redevelopment, quality of life opportunities, and continued investment in public infrastructure. Funding for these endeavors, which have long-term fiscal implications, comes from a variety of sources including grants, Hospitality Fee revenues, Community Development Block Grant funds, Tax Increment Financing Bonds, and General Fund revenues.

The City's combined water and wastewater system is a costly and highly-regulated enterprise of the City. The system faces increasing operating costs and capital expenses related to its collection system, specifically interceptor sewer lines within Jeffries Creek and Middle Swamp. In response to these challenges, the City performed a comprehensive study of the operating, capital, and long-term debt service requirements to determine revenue sufficiency for these needs. The analysis revealed that rates for the combined water and wastewater system should be revised to meet current and future financial requirements of the system. Based on the recommendations of a comprehensive ten-year rate study City Council approved in 2010 an ordinance incorporating the recommended rates. This ordinance revised and updated the City's water and wastewater rate schedules through fiscal year 2020.

Relevant Financial Policies

The Finance Department is responsible for providing comprehensive financial management, analysis, and support services to City management and departments in an effort to promote fiscal accountability, to enhance public services, to maximize revenue collections, to contain costs, and to ensure accurate performance reporting consistent with governmental standards and regulations. Policies and procedures are developed and maintained by the Finance Department to facilitate the accomplishment of these goals and to ensure adherence to best practices in financial management and accounting.

Major Initiatives

Town of Timmonsville Water and Sewer Utilities System Acquisition – The City of Florence, at the request of the Environmental Protection Agency (EPA) and the South Carolina Department of Health and Environmental Control (SCDHEC), acquired on January 9, 2014 ownership of the Timmonsville water and sewer utility system, a system that was not in compliance with EPA and SCDHEC regulations. As part of the acquisition the City of Florence entered into a consent decree

with EPA and SCDHEC, based upon a plan of necessary corrective actions identified by the City's engineers. Capital improvements for both the Timmons ville water and sewer systems in the estimated amount of \$12.7 million were identified and approved by US EPA, SC DHEC, City staff, and a team of consulting engineers.

A number of funding sources, including several grants and SRF loans for the Timmons ville System water and sewer systems, were incorporated into a financial plan developed by the City for the total system repair and upgrade cost. Since the City's acquisition of the Timmons ville system in January 2014, City Council has approved the use of \$2.5 million in additional grant funding sources for upgrades to the this system, bringing the total estimated cost of improvements to \$15 million.

Projects to repair and improve the Timmons ville system and provide quality water and sewer service to the Town's customers continued this fiscal year. The City is in compliance with the consent decree and with the timetables set forth in the plan.

Projected revenues of the Town's Utilities System combined with three State Revolving Fund loans, including loan principal forgiveness, and several grant funding sources will provide funding for the needed improvements. The combined State Revolving Fund (SRF) financed funds will total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans will be financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development.

In addition to the improvement projects noted above, the acquisition agreement provided that the City would assume the outstanding bonded indebtedness of the Timmons ville system. Upon conveyance of the Timmons ville system to the City on January 9, 2014, an obligation held by BB&T bank in the total principal and interest amount of \$343,751 was paid in full by the City. Also on that date a USDA, Rural Development outstanding indebtedness in the principal amount of \$6,111,310 was assumed by the City through the issuance of a Waterworks and Sewerage System Junior Lien Revenue Bond in an amount not to exceed \$6.2 million to refund all of the Town's revenue bonds held by Rural Development. The outstanding Rural Development debt issued by the City is a 40-year junior lien obligation with an interest rate of 1.875%. Revenues generated by the Timmons ville system will be used to fund the outstanding Rural Development debt.

Downtown Redevelopment – As part of the City's long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of Downtown Florence, the following initiatives have been implemented or undertaken by the City:

- Adoption and enforcement of Maintenance and Appearance Codes in the Downtown Historic District;
- Adoption of business related incentives to include façade grants, a low interest loan pool, sign grants, design assistance, water and sewer infrastructure improvements, business license grants, and a business incubator;
- A change in the perception that the Downtown is unsafe through increased police presence, a Merchants Association Community Watch program, and the installation of a video surveillance system in public spaces;
- Streetscapes, sidewalks, and parking development and improvements;
- Downtown water, sewer, and storm water utility improvements and related streetscape repairs and improvements.

Tax Increment Financing District Revenue Bond – In December 2006, City Council adopted an ordinance establishing the Downtown Redevelopment District Project Area (the "TIF District") in downtown Florence. As provided by the ordinance, the City has until December 2016 to issue a TIF obligation bond to fund public infrastructure improvements. The City also has until December 2026 to repay the bonds.

On August 13, 2012 City Council adopted a resolution declaring the City's intent to make reimbursement from funds generated by the TIF District to the City's Water and Sewer Enterprise Fund for costs associated with water and sewer improvements and related street repairs in the TIF District.

In further support of downtown redevelopment, the City, in May 2014, issued a Tax Increment Financing (TIF) bond in the approximate amount of \$12.9 million to provide for public infrastructure improvements to include the construction of parking decks, ingress and egress acquisition, surface parking, and utilities upgrades. Following the receipt of competitive bids, the TIF bond was placed with Sun Trust at a 12-year fixed rate of 3.04% with the option of pre-payment anytime. The TIF bond was issued with a junior lien pledge of revenues of the water and sewer utility system. While the City projects that there should be minimal use of water and sewer utility system revenues to pay debt service on the TIF bond, the projected coverage impact of the junior lien debt on the water and sewer system assuming the full payment of TIF debt service with water and sewer revenues would be minimal.

Regional Gymnasium and Recreation Facility Construction – In February 2010, representatives of the Florence Youth Basketball league, a City sponsored league, requested City Council consider funding the construction of a basketball gym to accommodate the league's present and future needs. In March 2010, the Parks and Beautification Commission presented their annual plan to City Council which included the future construction of a basketball gym in support of the Florence Youth Basketball League. Over the next several years, City staff met with community stakeholders to discuss the purpose, goals, costs, location, financing, and other issues regarding the use and construction of a basketball gym and youth center. In a City Council meeting held on April 9, 2012, Council considered and rejected adoption of a resolution committing the City to fund, with a tax millage increase, the construction and operating expense for a gymnasium and youth activity center.

Following the 2012 action of City Council, City staff considered various alternative funding options for the construction of a regional recreation facility and gymnasium to include the use of Hospitality Fees. In November 2013, the City's financial advisor, bond attorney, and City staff met with City Council to review a financing plan to fund the construction of a regional gymnasium and recreation facility. In May 2014, the City issued a Series 2014 Hospitality Fee Revenue Bond in the amount of \$4,605,000 at an interest of 3.42% for 20 years to finance the construction of a regional gymnasium and recreation facility. Additional funding in the amount of \$750,000 will be granted to the City by the Drs. Bruce and Lee Foundation to cover the costs of a gymnasium façade redesign that incorporates enhanced architectural features including additional brick veneering, a raised entrance, and other finishes and improvements.

Bids for construction of the regional gymnasium and recreation facility, were received in January 2016. BPM Construction of Charlotte, NC was selected as the contractor for this project. Construction, at an approximate total cost of \$4 million, began in June 2016 and is scheduled for completion in the first quarter of 2017.

This regional facility will provide recreational and social activities for both residents and non-residents and will include multiple basketball courts designed to allow use for other sports and activities as well. As such, the facility will provide and promote regional programming and services for the City's residents as well as persons visiting the City. In addition, the facility will serve as an inducement to economic redevelopment and private investment in the City's TIF District and will serve as a catalyst for commercial activity by both residents and non-residents. For these and other reasons, the project constitutes a "tourism-related...recreational...facility" as provided in SC Code §6-1-730 of the Local Hospitality Tax Act.

Soccer Complex Construction - On October 13, 2014, City Council authorized the execution of a Memorandum of Understanding between the City and the Drs. Bruce and Lee Foundation for the funding, construction, and operation of a new soccer complex. On October 21, 2014 a Memorandum of Understanding (MOU) between the City and the Foundation was signed and executed for those purposes. The MOU provides that the City will construct the soccer complex, a main access road, roads internal to the complex, and parking for the complex. The sources of funding include \$6,000,000 from the Foundation and \$1,040,000 from proceeds of the countywide one-cent Sales Tax Referendum passed in 2013, for a total of \$7,040,000. The Foundation will provide the \$6 million funding at a rate of \$2 million per year from 2017 through 2019. The City will provide additional funding from the Water and Sewer Enterprise Fund in the approximate amount of \$500,000 to construct the water and sewer infrastructure for the soccer complex as well as provide for future access to water and sewer services on adjacent undeveloped tracts of land. In addition to the funding provided for in the MOU, the City requested and received a \$50,000 grant in October 2015 from the South Carolina Department of Parks, Recreation and Tourism to be used for soccer complex construction costs.

Because funding for the soccer complex project in the amount of \$6 million and the gymnasium façade redesign discussed above in the amount of \$750,000 will be provided by the Bruce and Lee Foundation over a four-year period beginning in 2017, it was necessary to issue a General Obligation through 2020 to provide short-term funding for the construction and redesign projects. In February 2016, City Council gave second reading approval to an ordinance authorizing the issuance of a General Obligation bond to finance, over a period of four (4) years, the construction of a soccer complex and provide additional funding for the for the regional gymnasium facility façade redesign. In March 2016, the City issued a 2016 General Obligation Bond in the amount of \$6,750,000 at an interest of 1.16% for 4 years. The bond will be repaid with the funds to be received from the Drs. Bruce and Lee Foundation.

Bids for construction of the soccer complex, were received in February 2016. D & L Sitework, Inc. of Conway, SC was selected as the contractor for this project. Construction was begun in May 2016 and is scheduled for completion in the first quarter of 2017.

Neighborhood Redevelopment – In recognition that housing and neighborhood conditions are central to the City's current and future well-being, the following strategies, designed to foster and encourage neighborhood redevelopment, have been identified as critical needs and have been implemented or undertaken for accomplishment by the City:

- Adoption of the Unified Development Code;
- Promotion and funding of infill redevelopment with financial assistance and policy;
- Funding of housing infrastructure and street beautification in targeted areas;
- Adoption and funding of a rental housing conversion program;
- Increased code enforcement activities in residential neighborhoods;
- Establishment of a Livability Court System;
- Continued investment in neighborhood parks and trail systems.

City staff has worked with citizens in three focus areas to complete neighborhood action plans since February 2012 as part of its neighborhood revitalization initiative. The focus areas are North Florence, Northwest Florence and East Florence which comprise some of the oldest and most challenged neighborhoods surrounding the City's downtown. In an effort to establish a revitalization plan that addresses issues such as vacant and abandoned properties, neglectful property maintenance and illegal activity, a Neighborhood Action Plan was completed by the City in January 2013. In December 2014, City Council adopted a Neighborhood Revitalization Strategy, a plan for the many steps required to achieve comprehensive neighborhood

revitalization. The Neighborhood Revitalization Strategy was the result of a thorough analysis and inventory of land use, market conditions, demographics, housing stock, and public infrastructure. The goal of the neighborhood revitalization initiative is to implement stabilization strategies through catalytic redevelopment and new construction projects that improve and enhance the North, Northwest and East Florence communities, thereby enhancing quality of life in the City of Florence.

The South Carolina Community Loan Fund (SCCLF) is a lending program that provides access to affordable housing by financing the construction, rehabilitation, and redevelopment of homeownership and rental units for low to moderate-income families. The City was approved to receive a thirty-six month, \$700,000 loan agreement with SCCLF at an interest rate of 5.25% to provide construction financing for a comprehensive catalytic project located on Vista Street in North Florence. These funds are being used for contractor financing assistance, with emphasis on encouraging minority contractor participation, for the construction of seven new single family houses for sale and two restored houses for rental. In November 2015, City Council gave second reading approval to an ordinance authorizing the execution of the loan agreement and related documents with SCCLF.

City Projects Funded with Countywide Capital Projects Sales Tax – In November 2013, the voters of Florence County approved a referendum for a one cent capital projects sales tax and the issuance of a general obligation bond in an amount not to exceed \$125 million to fund debt service payments with the sales tax revenue generated.

The “Capital Project Sales Tax II” program provides funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage systems and/or bridges, and traffic flow improvements into and through Florence County. The funding also provides for a) economic development, b) public safety, c) the promotion of desirable living conditions and improved recreational facilities, d) public health and safety in the event of fire, emergency, panic, and other dangers, and e) the ability to meet present and future needs of Florence County and its citizens.

The County began collecting the second Capital Project Sales Tax on May 1, 2014 and will continue to collect the tax until April 30, 2021. The City of Florence was allocated \$21,774,375 for the following projects within the city limits:

- Water & Sewer Improvements \$ 750,000
- Corridor Enhancements 9,216,875
- Intersection Improvements 1,301,250
- Resurfacing 340,625
- Road Widening 9,125,625
- Recreation 1,040,000

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florence for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement award, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report, with contents which conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Certificate awarded for fiscal year ended 2015 marks the eighteenth consecutive year the award has been received by the City of Florence. We believe that this comprehensive annual financial report conforms to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department as well as the City's independent auditors, Burch, Oxner, Seale Company. Their assistance provided in the preparation of this report is sincerely appreciated.

In closing, without the guidance, leadership, and support of the City Manager, Mayor, and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Thomas W. Chandler
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Florence
South Carolina**

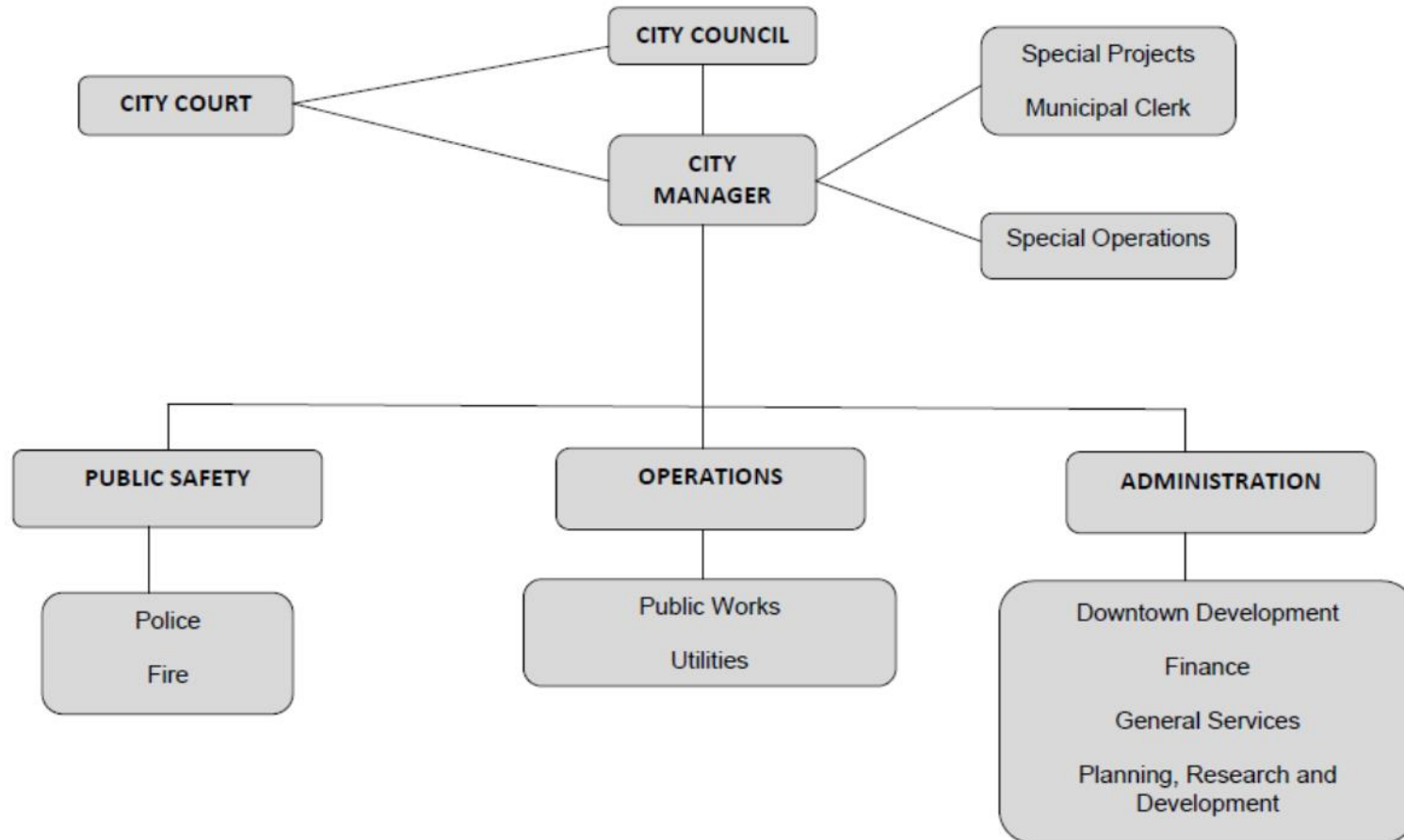
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FY 2015-16**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2016**

GOVERNING BODY

Stephen J. Wukela, Mayor

Frank J. Brand, II, Mayor Pro Tempore

Octavia Williams-Blake

Teresa Myers Ervin

Robby L. Hill

George D. Jebaily

ADMINISTRATION

Andrew H. Griffin, City Manager

Thomas W. Chandler, Finance Director

Scotty B. Davis, General Services Director

Allen L. Heidler, Police Chief

Randall S. Osterman, Fire Chief

Charles E. Pope, Jr., Public Works Director

Phillip M. Lookadoo, Planning, Research and Development Director

Raymond R. Reich, Downtown Development Director

Michael D. Hemingway, Utilities Director

FINANCIAL SECTION

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

-MEMBERS OF-
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
S.C. ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS
DIVISION FOR CPA FIRMS
AMERICAN INSTITUTE OF CPAS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the City Council
City of Florence, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Fines, Assessments, and Surcharges – Special Revenue Fund - Victims Services Fund on Page 131, listed in the table of contents under Other 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 financial statements. The accompanying Schedule of Expenditures of Federal Awards on Page 166, listed in the table of contents under the Uniform Guidance Section, is presented for the purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements of the City of Florence, South Carolina.

The combining and individual fund statements and schedules, the Schedule of Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, the Schedule of Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of the City of Florence, 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* in considering the City of Florence, South Carolina's internal control over financial reporting and compliance.



October 27, 2016

CITY OF FLORENCE, SOUTH CAROLINA Management's Discussion and Analysis

As management of the City of Florence (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follows this section, and our letter of transmittal in the preceding Introductory Section.

Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets of the City of Florence exceeded its liabilities at the close of the most recent fiscal year by \$148,080,512 (*net position*). Of this amount, \$17,221,588 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$12,237,419 during the fiscal year ended June 30, 2016, with a \$6,443,044 increase resulting from governmental activities and a \$5,794,375 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported a combined ending fund balances of \$30,070,103, an increase of \$1,481,573 in comparison with the prior year. Approximately 38.5 percent of this total amount, \$11,591,331 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,591,331, or 34.6 percent of the total general fund expenditures.
- The City of Florence had \$169.9 million in bonds and notes outstanding versus \$169.9 million last year, no change from the prior year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Florence include general government, public safety, public works, community development, and culture and recreation services. The business-type activities of the City of Florence include water and sewer services and stormwater services.

The government-wide financial statements can be found on pages 33-35 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Hospitality Fund, which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 36-39 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Hospitality Fund can be found on page 40-41 of this report.

Proprietary funds. The City of Florence maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City of Florence uses enterprise funds to account for its water and sewer activities and stormwater operations.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities and for the stormwater operations. The water and sewer fund is a major fund of the City and the stormwater fund is a nonmajor fund

The basic proprietary fund financial statements can be found on pages 42-45 of this report.

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

The basic fiduciary fund financial statements can be found on pages 46 of this report.

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. The notes to the financial statements can be found on pages 47-78 of this report.

Other supplemental information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information*.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-131 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets exceeded liabilities by \$148,101,165 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80.2% percent) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire those assets. The City uses

these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net position, \$17,221,588, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Florence is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate business-type activities. The same situation held true for the prior fiscal year.

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$36,217,061	\$ 32,758,846	\$ 52,002,680	\$ 48,303,191	\$ 88,219,741	\$ 81,062,037
Capital assets	56,604,531	44,696,696	226,219,770	230,096,921	282,824,301	274,793,617
Total assets	<u>92,821,592</u>	<u>77,455,542</u>	<u>278,222,450</u>	<u>278,400,112</u>	<u>371,044,042</u>	<u>355,855,654</u>
Deferred Outflow s	2,455,192	2,343,505	756,730	741,898	3,211,922	3,085,403
Long-term liabilities	69,315,785	60,550,646	146,455,079	151,588,614	215,770,864	212,139,260
Other liabilities	6,195,594	4,228,467	3,231,188	3,561,910	9,426,782	7,790,377
Total liabilities	<u>75,511,379</u>	<u>64,779,113</u>	<u>149,686,267</u>	<u>155,150,524</u>	<u>225,197,646</u>	<u>219,929,637</u>
Deferred Inflow s	711,834	2,409,407	245,319	738,267	957,153	3,147,674
Net Position:						
Net investment in capital assets	29,033,102	23,841,085	89,734,266	88,515,915	118,767,368	112,357,000
Restricted	2,351,821	2,074,462	9,760,388	10,180,548	12,112,209	12,255,010
Unrestricted	(12,331,352)	(13,305,020)	29,552,940	24,556,756	17,221,588	11,251,736
Total net position	<u>\$19,053,571</u>	<u>\$ 12,610,527</u>	<u>\$129,047,594</u>	<u>\$ 123,253,219</u>	<u>\$148,101,165</u>	<u>\$ 135,863,746</u>

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,884,921	\$ 15,749,432	\$ 34,670,748	\$ 33,738,224	\$ 50,555,669	\$ 49,487,656
Operating grants and contributions	2,248,462	2,475,584	-	-	2,248,462	2,475,584
Capital grants and contributions	189,356	4,799,532	-	366,838	189,356	5,166,370
General Revenues:						
Property taxes	9,958,587	9,617,294	-	-	9,958,587	9,617,294
Hospitality fees	3,863,554	3,677,328	-	-	3,863,554	3,677,328
Grants and contributions not restricted to specific programs	5,595,294	2,293,423	-	-	5,595,294	2,293,423
Other	867,640	(609,231)	1,250,619	1,168,912	2,118,259	559,681
Total Revenues	<u>38,607,814</u>	<u>38,003,362</u>	<u>35,921,367</u>	<u>35,273,974</u>	<u>74,529,181</u>	<u>73,277,336</u>

City of Florence's Changes in Net Position - Continued

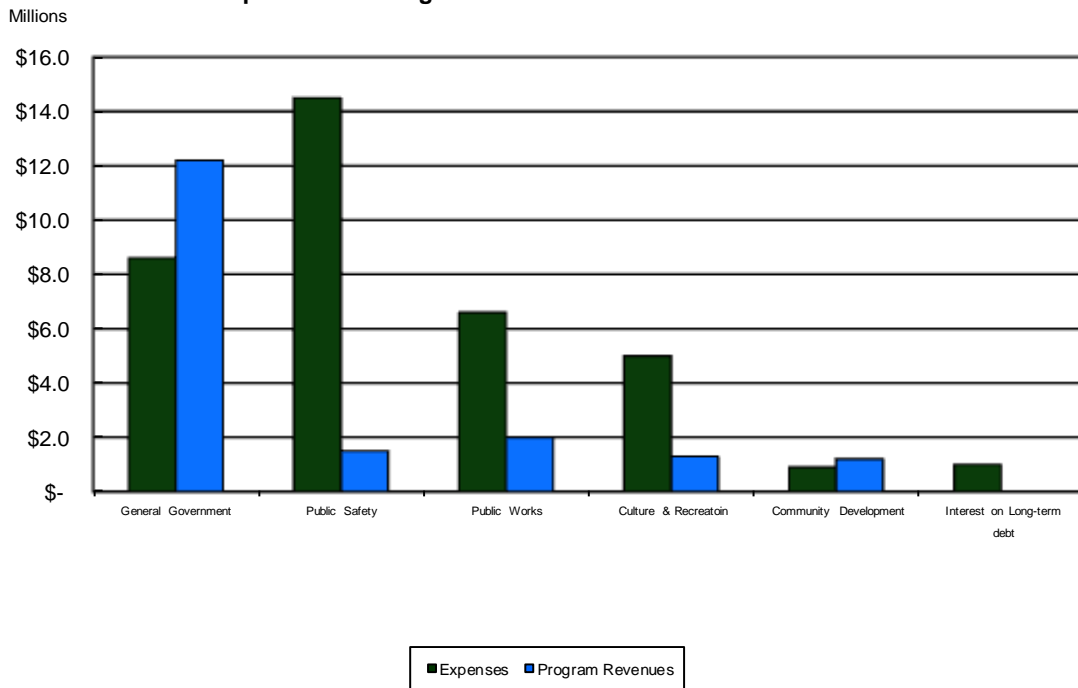
	Governmental		Business-type		Total	
	activities	activities	activities	activities	activities	activities
	2016	2015	2016	2015	2016	2015
Expenses:						
General Government	8,644,736	7,407,516	-	-	8,644,736	7,407,516
Public Safety	14,544,967	14,941,776	-	-	14,544,967	14,941,776
Public Works	6,646,686	6,875,207	-	-	6,646,686	6,875,207
Culture and Recreation	4,954,024	4,967,947	-	-	4,954,024	4,967,947
Community Development	937,622	777,787	-	-	937,622	777,787
Interest on long-term debt	1,030,379	1,005,236	-	-	1,030,379	1,005,236
Water and Sewer	-	-	24,495,818	30,064,373	24,495,818	30,064,373
Stormwater	-	-	1,037,530	1,265,095	1,037,530	1,265,095
Total Expenses	<u>36,758,414</u>	<u>35,975,469</u>	<u>25,533,348</u>	<u>31,329,468</u>	<u>62,291,762</u>	<u>67,304,937</u>
Increase in net position before transfers	1,849,400	2,027,893	10,388,019	3,944,506	12,237,419	5,972,399
Transfers	<u>4,593,644</u>	<u>3,173,699</u>	<u>(4,593,644)</u>	<u>(3,173,699)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	6,443,044	5,201,592	5,794,375	770,807	12,237,419	5,972,399
Net position - beginning	<u>12,610,527</u>	<u>7,408,935</u>	<u>123,253,219</u>	<u>122,482,412</u>	<u>135,863,746</u>	<u>129,891,347</u>
Net position - ending	<u>\$ 19,053,571</u>	<u>\$ 12,610,527</u>	<u>\$ 129,047,594</u>	<u>\$ 123,253,219</u>	<u>\$ 148,101,165</u>	<u>\$ 135,863,746</u>

Governmental activities. Governmental activities increased the City of Florence's net position by \$6,443,044. Key elements of this decrease are as follows:

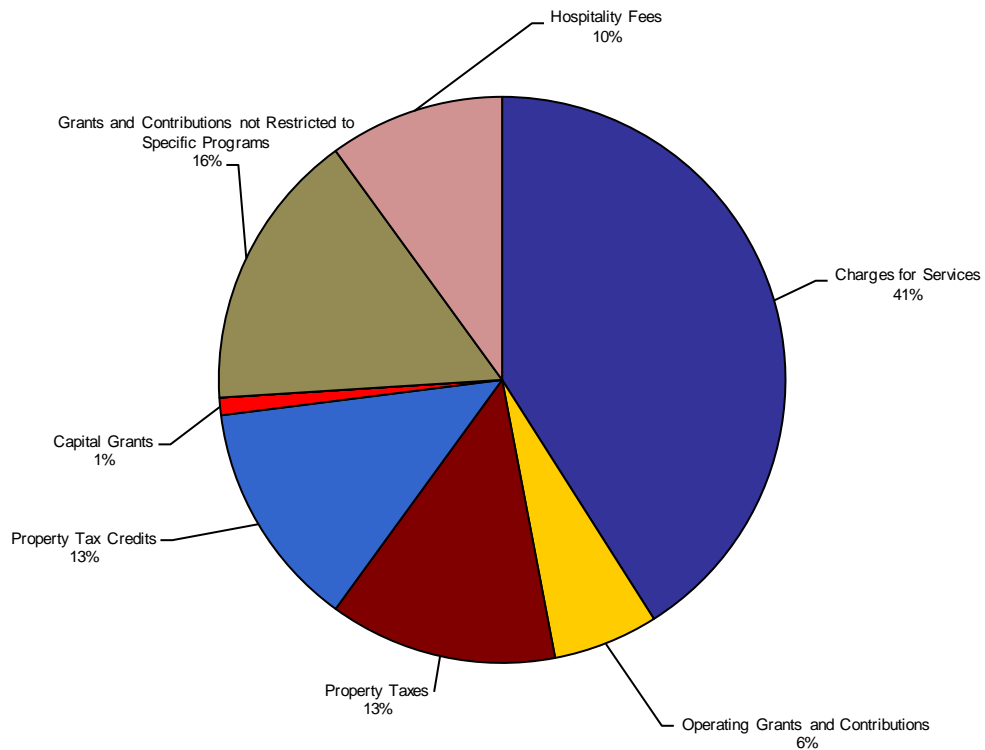
In November 2013 Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by "Capital Project Sales Tax II" program provides funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage system and/or bridges, and traffic flow improvements into and through Florence County. In January 2014, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$125 million with debt service payments to be funded from the Capital Project Sales Tax. The City of Florence was allocated \$21,774,375 for projects within the city limits. During the current fiscal year Florence County reimbursed the City \$3,713,512 for capital sales tax projects that are currently under construction within the City.

In Fiscal Year 2015-16 the City recognized property that was received as a donation valued at \$1,623,000. The City sold a portion of the donated property and received \$777,000 in cash and booked the remaining \$846,000 as buildings and system in the General Fund. The City's Water and Sewer Enterprise Fund provided \$1,000,000 for water and sewer related infrastructure projects within the TIF district. These funds are eligible for TIF reimbursement to the Water and Sewer Enterprise Fund.

Expenses and Program Revenues - Governmental Activities



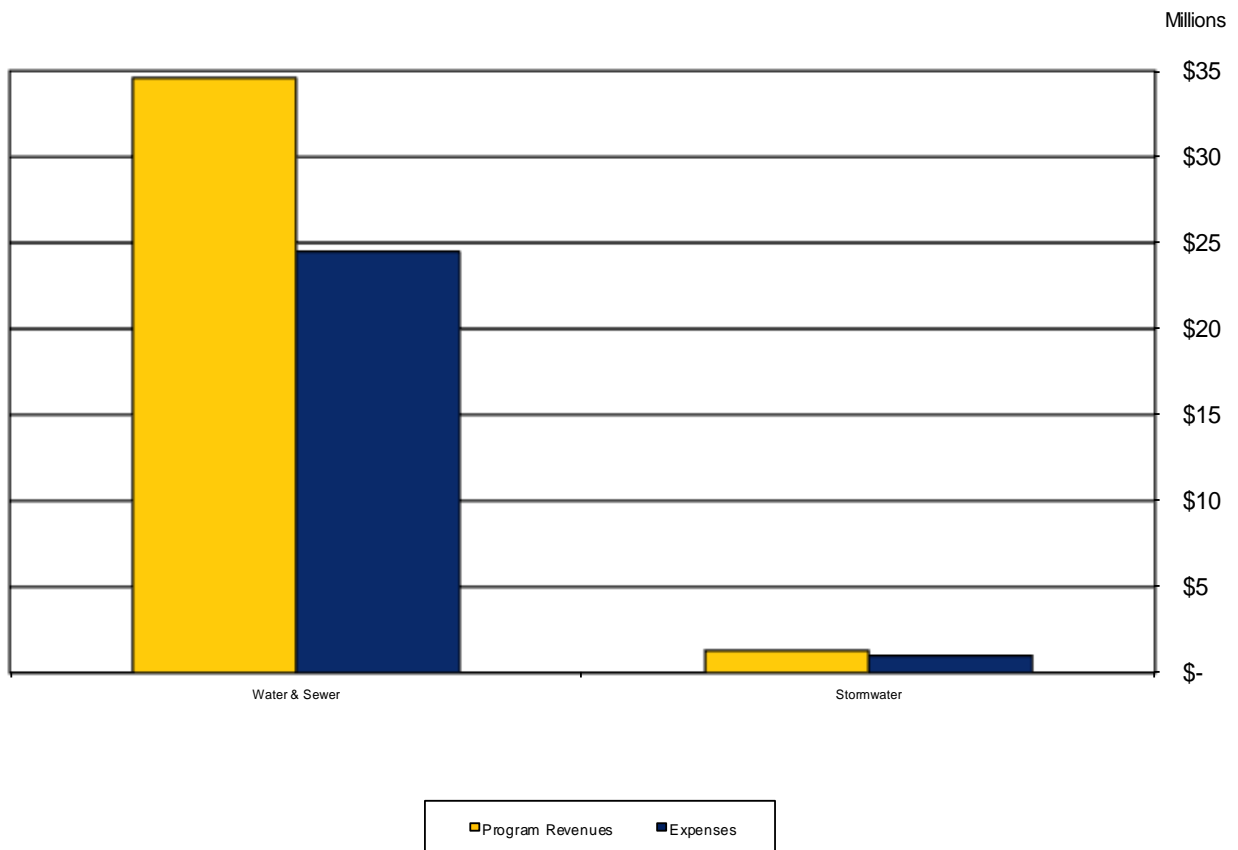
Revenue by Source – Governmental Activities



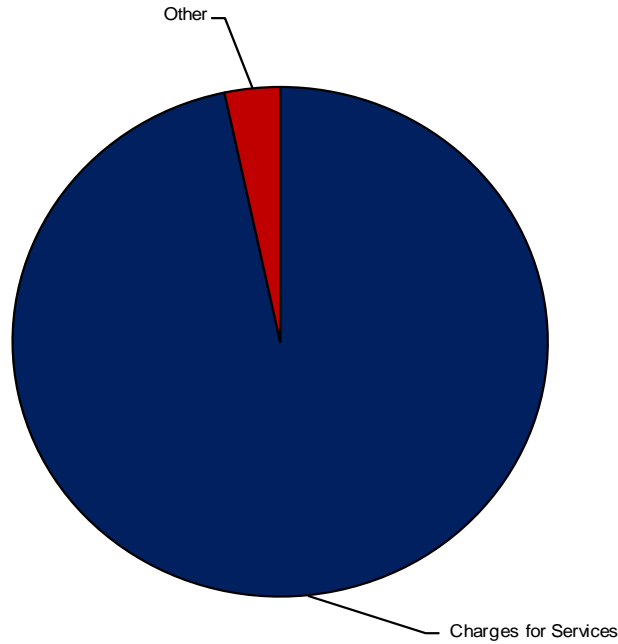
Business-type activities. Business-type activities increased the City of Florence's net position by \$5,794,375, accounting for 47.3 percent of the total growth in the government's net position. Key elements of this increase are as follows:

Capital Water and Sewer Projects – In the fiscal year ended June 30, 2016, the City expended \$1,602,794 for the upgrade and rehabilitation of the water and sewer system acquired in January 2014 from the Town of Timmonsville. These upgrades and rehabilitation are required to bring the system in compliance with federal and state regulation. Additional information on the Town of Timmonsville water and sewer system acquisition is provided in the Transmittal Letter.

Expenses and Program Revenues - Business-type Activities



Revenue by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$30,070,103, an increase of \$1,481,573 in comparison with the prior year. Approximately 39 percent of this total amount (\$11,591,331) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$196,694), 2) restricted for particular purposes (\$14,621,783), 3) committed for particular purposes (\$411,240), or 4) assigned for particular purposes (\$3,249,055). Additional information on the City's fund balances can be found at Note IV.G.

The general fund is the primary operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,591,331, while total fund balance was \$15,026,580. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 34.6 percent of total general fund expenditures, while total fund balance represents 44.8 percent of that same amount.

During the current fiscal year the City's fund balance of the General Fund increased by \$2,342,168. This amount represents an 18.5% increase. The City's continuing effort to identify businesses that are required to be licensed to operate within the City of Florence but have not obtained a city business license has contributed to the \$182,671 increase in business license revenue. The City also received an additional \$302,469 in property taxes over last fiscal year. During Fiscal Year 2016 the General Fund received \$436,644 in additional transfers from other funds, and the City sold property totaling \$777,040 this year.

The Hospitality Fund has a total fund balance of \$11,591,345, an increase of 113%. The increase is largely due to \$6,750,000 received for bonds issued for the construction of the City's Soccer Complex. The City has been granted \$6,750,000 to repay the bonds by the Doctors Bruce and Lee Foundation with the funds being granted over the next 3 years.

The City of Florence maintains a General Fund Debt Service Fund to manage the collection of the debt service millage and the debt service payment for the City's general obligation debt. The Debt Service millage is 2.8 mills. The entire fund balance of \$585,323 is committed for the repayment of City's general obligation debt.

Proprietary funds. The City of Florence's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer operations and the stormwater operations at the end of the year amounted to \$29,552,940. The total growth in the net position was \$5,794,375. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Florence's business-type activities.

General Fund Budgetary Highlights

The City's final amended General Fund budget was \$2,978,300 greater than the original budget of \$32,120,000. City Council amended the General Fund budget three times during the fiscal year ended June 30, 2016. The first amendment increased Sale of Property Proceeds by \$777,000 for the sale of the Palmetto Petro property and increased funding for the Transit System, Art Trail Gallery, and the Contingency Fund. The second amendment increased the General Fund budget for Miscellaneous Grants by \$113,300 from the South Carolina Department of Transportation for street resurfacing projects and Florence County for the Dorothy Hines Nature Trail. This amendment also increased From Unappropriated Reserve revenue by \$1,868,000 for the re-appropriation of funds to fund projects and purchase equipment budgeted in fiscal year 2014-15 but was deferred until fiscal year 2015-16. The third amendment increased From Unappropriated Reserve by \$500,000 to increase funding for the Contingency Fund. This amendment also decreased revenue estimates and certain departmental expense appropriations by \$280,000 following a mid-year budget review.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$282,739,795 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was \$8,040,250 (a 26.64 percent increase for governmental activities and a 1.68 percent decrease for business-type activities).

The City routinely replaces aging vehicles to maintain a fleet of reliable, cost-efficient vehicles in service. In keeping with this practice, the City purchased a number of vehicles from the General Fund, Water and Sewer Utility Fund, and Stormwater Fund.

Occasionally, the City receives property through donations from individuals or other entities. Property donated to the City during the fiscal year ended June 30, 2016 totaled \$846,000. The City also purchased an additional \$1,065,021 in properties to be used to meet current needs and long-term goals. Included in this amount is \$322,017 which the City expended to purchase property for neighborhood redevelopment which is funded by a federal Neighborhood Improvement Program grant. The City removed from its capital assets approximately \$1,757,497 in land and land improvements that are being used for the downtown revitalization efforts.

The City has arranged several funding sources to complete approximately \$12.7 million in projects designed to bring Town of Timmonsville water and sewer system that the City of Florence acquired in January 2014 into compliance with Environmental Protection Agency (EPA) and South Carolina Department of Health and Environmental Control (SCHEC) regulations. Several State Revolving Fund loans, including loan principal forgiveness, and several grant funding sources will provide funding for the needed improvements. The combined State Revolving Fund (SRF) financed funds will total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans will be financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development. As part of the Timmonsville System conveyance agreement, the City assumed, as a junior lien, a \$6.1 million Rural Development Loan from the Town of Timmonsville. Additionally, upon conveyance, the City paid off an obligation of the Timmonsville System held by BB&T in the amount of \$343,751. Additional information on the Town of Timmonsville water and sewer system acquisition is provided in the Transmittal Letter. During fiscal year 2015-16 the City expended \$1,646,915 to bring the Timmonsville system into compliance.

In November 2013 Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by "Capital Project Sales Tax II" program provides funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage system and/or bridges, and traffic flow improvements into and through Florence County. The funding also provides for a) economic

development, b) public safety, c) the promotion of desirable living conditions and improved recreational facilities, d) public health and safety in the event of fire, emergency, panic, and other dangers, and e) the ability to meet present and future needs of Florence County and its citizens.

In January 2014, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$125 million with debt service payments to be funded from the Capital Project Sales Tax to be repaid over seven years – the term of the imposed one-cent sales tax funding. The County began collecting the second Capital Project Sales Tax on May 1, 2014 and will continue to collect the tax until April 30, 2021. The City of Florence was allocated \$21,774,375 for the following projects within the city limits:

- Water & Sewer Improvements \$ 750,000
- Corridor Enhancements 9,216,875
- Intersection Improvements 1,301,250
- Resurfacing 340,625
- Road Widening 9,125,625
- Recreation 1,040,000

As of June 30, 2016 the City has expended \$3,494,009 in Capital Sales Tax funds.

**City of Florence’s Capital Assets
(Net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
	Land	\$ 10,768,200	\$ 10,439,845	\$ 1,808,982	\$ 1,793,892	\$ 12,577,182
Buildings and Systems	14,805,622	13,738,599	215,141,559	220,524,985	229,947,181	234,263,584
Infrastructure	11,941,432	14,167,076	-	-	11,941,432	14,167,076
Machinery and Equipment	4,486,043	3,706,645	1,666,557	1,980,941	6,152,600	5,687,586
Construction in Process	14,603,234	2,644,531	7,518,166	5,703,031	22,121,400	8,347,562
Totals	\$ 56,604,531	\$ 44,696,696	\$ 226,135,264	\$ 230,002,849	\$ 282,739,795	\$ 274,699,545

Additional information on the City's capital assets can be found in note IV.C. beginning on page 59 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt outstanding of \$177,632,671. This debt is backed by the full faith and credit of the government or specified revenue sources; the remainder of the Long-term Obligations comprises capital leases and notes payable.

**City of Florence’s Long-term Debt
Bonds and Notes Payable**

	Governmental activities		Business-type activities		Totals	
	2016	2015	2016	2015	2016	2015
	Revenue Bonds	\$ 22,278,000	\$ 23,014,000	\$ 100,841,803	\$ 101,713,084	\$ 123,119,803
General Obligation Bonds	10,702,785	4,258,515	-	-	10,702,785	4,258,515
Notes Payable	545,000	610,000	35,559,195	40,347,292	36,104,195	40,957,292
Capital Leases	7,705,888	6,568,705	-	-	7,705,888	6,568,705
Totals	\$ 41,231,673	\$ 34,451,220	\$ 136,400,998	\$ 142,060,376	\$ 177,632,671	\$ 176,511,596

The City's total debt increased by \$1,121,075 (0.6 percent) during the current fiscal year.

The City of Florence maintains an "AA-" rating from Standards & Poor's and an "Aa2" rating from Moody's for revenue obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$13,637,742, exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$10,123,079 by \$3,514,663.

Additional information on the City of Florence's long-term debt can be found in note IV. E and F beginning on page 62 of this report.

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2017 fiscal year:

- Amounts available in FY 2016-17 for appropriation in the General Fund are for \$33.33 million, a decrease of 5% from the FY 2015-16 final revised budget of \$35.1 million. The City's budget amendments were reviewed earlier in this report.
- In FY 2016-17 the City's total millage rate increased by 3.7 mills to 60.2 mills. The total millage includes 57.4 operating mills and 2.8 debt service mills.
- The Florence area unemployment rate decreased 28% from 7.5 in fiscal year 2015 to 5.4 in fiscal year 2016.

As for the City's business-type activities, we expect that the 2017 results will also improve based on the following:

- In January 2014, the City of Florence took ownership of the Town of Timmons ville's water and sewer system. Throughout the year the City continued work to repair and improve the water and sewer infrastructure of the Timmons ville system. One component of these improvements was to replace all water meters on the Timmons ville system, many were in disrepair, with new and more accurate meters which will improve billing and collections.

Requests for Information

This financial report is designed to provide a general overview of the City of Florence's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Florence, 324 West Evans St., Florence South Carolina, 29501-3430.

BASIC FINANCIAL STATEMENTS

City of Florence, South Carolina
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,709,989	\$ 6,591,982	\$ 21,301,971
Receivables	4,070,593	5,143,073	9,213,666
Internal balances	(890,685)	890,685	-
Inventories	196,694	315,754	512,448
Investments	4,646,228	29,252,119	33,898,347
Restricted cash and cash equivalents	195,849	9,809,067	10,004,916
Restricted investments	13,288,393	-	13,288,393
Prepaid bond insurance costs	-	84,506	84,506
Capital assets not being depreciated:			
Land	10,768,200	1,808,982	12,577,182
Construction in progress	14,603,234	7,518,166	22,121,400
Capital assets net of accumulated depreciation:			
Buildings and systems	14,805,622	215,141,559	229,947,181
Machinery and equipment	4,486,043	1,666,557	6,152,600
Infrastructure	11,941,432	-	11,941,432
TOTAL ASSETS	92,821,592	278,222,450	371,044,042
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	2,455,192	756,730	3,211,922
LIABILITIES			
Accounts payable	2,175,630	1,039,567	3,215,197
Retainage payable	1,000,463	115,070	1,115,533
Accrued interest payable	137,631	1,834,750	1,972,381
Other liabilities	876,387	241,801	1,118,188
Unearned revenue	2,005,483	-	2,005,483
Net pension liability	25,691,370	9,332,336	35,023,706
Noncurrent liabilities			
Due within one year	4,516,810	5,547,054	10,063,864
Due in more than one year	39,107,605	131,575,689	170,683,294
TOTAL LIABILITIES	75,511,379	149,686,267	225,197,646
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	711,834	245,319	957,153
NET POSITION			
Net investment in capital assets	29,033,102	89,734,266	118,767,368
Restricted			
Debt service	585,323	9,760,388	10,345,711
Community development	495,533	-	495,533
Public safety	616,576	-	616,576
Capital projects	530,042	-	530,042
Tourism	124,347	-	124,347
Unrestricted	(12,331,352)	29,552,940	17,221,588
TOTAL NET POSITION	\$ 19,053,571	\$ 129,047,594	\$ 148,101,165

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

City of Florence, South Carolina
Statement of Activities
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 8,644,736	\$ 11,812,268	\$ 241,817	\$ 189,356
Public safety	14,544,967	1,541,044	58,244	-
Public works	6,646,686	1,986,350	-	-
Culture and recreation	4,954,024	545,259	765,570	-
Community development	937,622	-	1,182,831	-
Interest on long-term debt	1,030,379	-	-	-
Total governmental activities	<u>36,758,414</u>	<u>15,884,921</u>	<u>2,248,462</u>	<u>189,356</u>
Business-type activities				
Water and sewer	24,495,818	33,366,766	-	-
Stormwater	1,037,530	1,303,982	-	-
Total business-type activities	<u>25,533,348</u>	<u>34,670,748</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 62,291,762</u>	<u>\$ 50,555,669</u>	<u>\$ 2,248,462</u>	<u>\$ 189,356</u>

General Revenues:

- Property taxes
- Hospitality taxes
- Unrestricted intergovernmental
- Investment earnings
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net position
- Net position beginning of year
- Net position end of year

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 3,598,705	\$ -	\$ 3,598,705
(12,945,679)	-	(12,945,679)
(4,660,336)	-	(4,660,336)
(3,643,195)	-	(3,643,195)
245,209	-	245,209
<u>(1,030,379)</u>	<u>-</u>	<u>(1,030,379)</u>
<u>(18,435,675)</u>	<u>-</u>	<u>(18,435,675)</u>
-	8,870,948	8,870,948
-	266,452	266,452
<u>-</u>	<u>9,137,400</u>	<u>9,137,400</u>
<u>(18,435,675)</u>	<u>9,137,400</u>	<u>(9,298,275)</u>
9,958,587	-	9,958,587
3,863,554	-	3,863,554
5,595,294	-	5,595,294
121,779	176,141	297,920
745,861	1,074,478	1,820,339
4,593,644	(4,593,644)	-
<u>24,878,719</u>	<u>(3,343,025)</u>	<u>21,535,694</u>
6,443,044	5,794,375	12,237,419
<u>12,610,527</u>	<u>123,253,219</u>	<u>135,863,746</u>
<u>\$ 19,053,571</u>	<u>\$ 129,047,594</u>	<u>\$ 148,101,165</u>

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

City of Florence, South Carolina
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,035,235	\$ 1,150,486	\$ 2,524,268	\$ 14,709,989
Receivables				
Property taxes, less allowance for doubtful accounts	153,816	-	100,567	254,383
Due from other governmental agencies	2,736,893	-	760,226	3,497,119
Other	3,226	315,865	-	319,091
Investments	4,401,315	-	244,913	4,646,228
Inventories	186,194	-	10,500	196,694
Restricted cash and cash equivalents	-	25,934	169,915	195,849
Restricted investments	-	10,298,647	2,989,746	13,288,393
TOTAL ASSETS	<u>\$ 18,516,679</u>	<u>\$ 11,790,932</u>	<u>\$ 6,800,135</u>	<u>\$ 37,107,746</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 501,906	\$ 160,063	\$ 1,513,661	\$ 2,175,630
Retainage payable	-	39,455	961,008	1,000,463
Due to other funds	17,397	-	873,288	890,685
Other liabilities	876,318	69	-	876,387
Unearned revenue	2,005,483	-	-	2,005,483
TOTAL LIABILITIES	<u>3,401,104</u>	<u>199,587</u>	<u>3,347,957</u>	<u>6,948,648</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	88,995	-	-	88,995
Total deferred inflows of resources	<u>88,995</u>	<u>-</u>	<u>-</u>	<u>88,995</u>
Fund balances:				
Nonspendable	186,194	-	10,500	196,694
Restricted	-	11,591,345	3,030,438	14,621,783
Committed	-	-	411,240	411,240
Assigned	3,249,055	-	-	3,249,055
Unassigned	11,591,331	-	-	11,591,331
TOTAL FUND BALANCES	<u>15,026,580</u>	<u>11,591,345</u>	<u>3,452,178</u>	<u>30,070,103</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,516,679</u>	<u>\$ 11,790,932</u>	<u>\$ 6,800,135</u>	<u>\$ 37,107,746</u>

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

City of Florence, South Carolina
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds \$ 30,070,103

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, reported at original cost (\$88,851,135) less accumulated depreciation (\$32,246,604). 56,604,531

The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (23,948,012)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds. 88,995

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (43,762,046)

Net position of governmental activities \$ 19,053,571

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

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	<u>General</u>	<u>Hospitality Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 9,463,978	\$ -	\$ 467,675	\$ 9,931,653
Licenses, permits and fees	11,711,268	3,863,554	3,851,187	19,426,009
Intergovernmental	3,452,783	-	1,603,937	5,056,720
Charges for services	2,367,191	-	155,677	2,522,868
Fines and forfeitures	549,212	-	-	549,212
Investment earnings	41,512	43,124	37,143	121,779
Miscellaneous	375,171	50,001	111,209	536,381
TOTAL REVENUES	<u>27,961,115</u>	<u>3,956,679</u>	<u>6,226,828</u>	<u>38,144,622</u>
Expenditures				
Current:				
General government	6,701,764	856,482	-	7,558,246
Public safety	13,553,448	-	267,133	13,820,581
Public works	5,802,639	-	-	5,802,639
Culture and recreation	3,634,060	639,649	-	4,273,709
Community development	-	-	937,622	937,622
Debt service:				
Principal	748,902	736,000	370,730	1,855,632
Interest	93,761	367,242	551,957	1,012,960
Capital outlay	2,980,244	885,287	11,789,802	15,655,333
TOTAL EXPENDITURES	<u>33,514,818</u>	<u>3,484,660</u>	<u>13,917,244</u>	<u>50,916,722</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,553,703)</u>	<u>472,019</u>	<u>(7,690,416)</u>	<u>(12,772,100)</u>
Other Financing Sources (Uses)				
Bonds issued	-	6,750,000	-	6,750,000
Capital leases	1,886,085	-	-	1,886,085
Proceeds from sale of property	777,040	-	-	777,040
Insurance proceeds	246,904	-	-	246,904
Transfers in	4,985,842	-	1,000,000	5,985,842
Transfers out	-	(1,070,000)	(322,198)	(1,392,198)
NET OTHER FINANCING SOURCES (USES)	<u>7,895,871</u>	<u>5,680,000</u>	<u>677,802</u>	<u>14,253,673</u>
NET CHANGES IN FUND BALANCES	2,342,168	6,152,019	(7,012,614)	1,481,573
Fund balances at beginning of year	12,684,412	5,439,326	10,464,792	28,588,530
FUND BALANCES AT END OF YEAR	<u>\$ 15,026,580</u>	<u>\$ 11,591,345</u>	<u>\$ 3,452,178</u>	<u>\$ 30,070,103</u>

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

City of Florence, South Carolina

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Net change in fund balances-total governmental funds \$ 1,481,573

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$15,655,333) exceeded depreciation (\$2,410,735) in the current period. 13,244,598

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. (1,336,763)

Governmental funds do not report amounts not received within 60 days of year end as revenue. However, in the Statement of Activities, amounts are recorded as revenue when earned. 26,934

Long-term debt issued provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide Statement of Net Position. (6,780,453)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (154,348)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (38,497)

Change in net position of governmental activities \$ 6,443,044

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

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 9,304,200	\$ 9,438,100	\$ 9,463,978	\$ 25,878
Licenses, permits and fees	11,870,000	11,660,000	11,711,268	51,268
Intergovernmental	3,021,300	3,201,300	3,452,783	251,483
Charges for services	2,096,000	2,031,000	2,367,191	336,191
Fines and forfeitures	635,000	465,500	549,212	83,712
Investment earnings	22,000	32,000	41,512	9,512
Miscellaneous	285,000	273,000	375,171	102,171
TOTAL REVENUES	<u>27,233,500</u>	<u>27,100,900</u>	<u>27,961,115</u>	<u>860,215</u>
Expenditures				
Current:				
General government	6,382,840	8,354,430	6,701,764	1,652,666
Public safety	15,167,990	14,056,630	13,553,448	503,182
Public works	5,976,470	5,928,870	5,802,639	126,231
Culture and recreation	3,490,500	3,603,220	3,634,060	(30,840)
Debt service:				
Principal	400,000	958,400	748,902	209,498
Interest	-	-	93,761	(93,761)
Capital outlay	702,200	2,196,750	2,980,244	(783,494)
TOTAL EXPENDITURES	<u>32,120,000</u>	<u>35,098,300</u>	<u>33,514,818</u>	<u>1,583,482</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,886,500)</u>	<u>(7,997,400)</u>	<u>(5,553,703)</u>	<u>2,443,697</u>
Other Financing Sources				
Capital leases	-	-	1,886,085	1,886,085
Proceeds from sale of property	-	777,000	777,040	40
Insurance proceeds	150,000	246,900	246,904	4
Transfers in	4,736,500	4,605,500	4,985,842	380,342
Appropriation of fund balance	-	2,368,000	-	(2,368,000)
NET OTHER FINANCING SOURCES	<u>4,886,500</u>	<u>7,997,400</u>	<u>7,895,871</u>	<u>(101,529)</u>
NET CHANGE IN FUND BALANCES	-	-	2,342,168	2,342,168
Fund balances at beginning of year	12,684,412	12,684,412	12,684,412	-
FUND BALANCES AT END OF YEAR	<u>\$ 12,684,412</u>	<u>\$ 12,684,412</u>	<u>\$ 15,026,580</u>	<u>\$ 2,342,168</u>

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

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Hospitality Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses, permits and fees	\$ 3,595,000	\$ 3,598,000	\$ 3,863,554	\$ 265,554
Investment earnings	5,000	2,000	43,124	41,124
Miscellaneous	-	-	50,001	50,001
TOTAL REVENUES	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,956,679</u>	<u>356,679</u>
Expenditures				
Current:				
General government	1,506,600	1,601,100	856,482	744,618
Culture and recreation	30,000	30,000	639,649	(609,649)
Debt service:				
Principal	1,027,900	1,108,900	736,000	372,900
Interest	-	-	367,242	(367,242)
Capital Outlay	1,035,500	960,000	885,287	74,713
TOTAL EXPENDITURES	<u>3,600,000</u>	<u>3,700,000</u>	<u>3,484,660</u>	<u>215,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(100,000)</u>	<u>472,019</u>	<u>572,019</u>
Other Financing Sources (Uses)				
Bonds issued	-	-	6,750,000	6,750,000
Transfers in (out)	-	100,000	(1,070,000)	(1,170,000)
NET OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>100,000</u>	<u>5,680,000</u>	<u>5,580,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>6,152,019</u>	<u>6,152,019</u>
Fund balance at beginning of year	<u>5,439,326</u>	<u>5,439,326</u>	<u>5,439,326</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,439,326</u>	<u>\$ 5,439,326</u>	<u>\$ 11,591,345</u>	<u>\$ 6,152,019</u>

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

City of Florence, South Carolina
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,143,929	\$ 1,448,053	\$ 6,591,982
Accounts receivable, net	4,867,117	274,969	5,142,086
Due from other funds	890,685	-	890,685
Other receivables	987	-	987
Investments	28,602,484	649,635	29,252,119
Prepaid expenses	-	-	-
Inventories	315,754	-	315,754
Restricted cash and cash equivalents	9,780,905	28,162	9,809,067
Total current assets	49,601,861	2,400,819	52,002,680
Noncurrent assets:			
Prepaid bond insurance costs	84,506	-	84,506
Capital assets			
Land	1,403,474	405,508	1,808,982
Buildings and system	281,044,576	7,187,489	288,232,065
Construction in progress	7,101,338	416,828	7,518,166
Machinery and equipment	6,378,775	1,199,229	7,578,004
Less accumulated depreciation	(72,791,724)	(6,210,229)	(79,001,953)
Total capital assets (net of accumulated depreciation)	223,136,439	2,998,825	226,135,264
Total noncurrent assets	223,220,945	2,998,825	226,219,770
TOTAL ASSETS	272,822,806	5,399,644	278,222,450
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	706,281	50,449	756,730
LIABILITIES			
Current liabilities:			
Accounts payable	847,716	191,851	1,039,567
Retainage payable	115,070	-	115,070
Accrued interest	1,831,184	3,566	1,834,750
Other liabilities	226,754	15,047	241,801
Compensated absences - current	155,000	3,000	158,000
Notes payable - current	2,039,531	-	2,039,531
Revenue bonds payable - current	3,054,523	295,000	3,349,523
Total current liabilities	8,269,778	508,464	8,778,242
Noncurrent liabilities:			
Accrued compensated absences	499,121	64,624	563,745
Notes payable	33,519,662	-	33,519,662
Revenue bonds payable	96,172,282	1,320,000	97,492,282
Net pension liability	8,710,515	621,821	9,332,336
Total noncurrent liabilities	138,901,580	2,006,445	140,908,025
TOTAL LIABILITIES	147,171,358	2,514,909	149,686,267
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	228,964	16,355	245,319
NET POSITION			
Net investment in capital assets	88,350,441	1,383,825	89,734,266
Restricted for debt service	9,760,388	-	9,760,388
Unrestricted	28,017,936	1,535,004	29,552,940
TOTAL NET POSITION	\$ 126,128,765	\$ 2,918,829	\$ 129,047,594

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

City of Florence, South Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	
Operating Revenues			
Current use charges	\$ 32,588,762	\$ -	\$ 32,588,762
Miscellaneous	1,054,032	20,446	1,074,478
Water and sewer tap fees	778,004	-	778,004
Stormwater service fees	-	1,303,982	1,303,982
Total operating revenues	<u>34,420,798</u>	<u>1,324,428</u>	<u>35,745,226</u>
Operating Expenses			
Personnel	4,331,625	335,289	4,666,914
Employee benefits	1,871,369	120,524	1,991,893
Purchased services	4,917,476	148,558	5,066,034
Supplies and materials	1,349,222	25,189	1,374,411
Other operating expenses	1,684,102	21,606	1,705,708
Depreciation and amortization	7,642,924	550,843	8,193,767
Total operating expenses	<u>21,796,718</u>	<u>1,202,009</u>	<u>22,998,727</u>
Operating Income	<u>12,624,080</u>	<u>122,419</u>	<u>12,746,499</u>
Nonoperating Revenues (Expenses)			
Investment earnings	169,248	6,893	176,141
Economic development	(1,094,373)	-	(1,094,373)
Miscellaneous revenues	2,842,094	214,200	3,056,294
Loss on disposal of assets	(16,355)	-	(16,355)
Interest expense	(4,430,466)	(49,721)	(4,480,187)
Total nonoperating revenues (expenses)	<u>(2,529,852)</u>	<u>171,372</u>	<u>(2,358,480)</u>
Income Before Transfers	<u>10,094,228</u>	<u>293,791</u>	<u>10,388,019</u>
Transfers			
Transfers in (out)	<u>(4,728,644)</u>	<u>135,000</u>	<u>(4,593,644)</u>
Total transfers	<u>(4,728,644)</u>	<u>135,000</u>	<u>(4,593,644)</u>
Changes in Net Position	5,365,584	428,791	5,794,375
Net position at beginning of year	<u>120,763,181</u>	<u>2,490,038</u>	<u>123,253,219</u>
NET POSITION AT END OF YEAR	<u>\$ 126,128,765</u>	<u>\$ 2,918,829</u>	<u>\$ 129,047,594</u>

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

City of Florence, South Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Water and</u>	<u>Stormwater</u>	
	<u>Sewer Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 33,790,902	\$ 1,136,211	\$ 34,927,113
Payments to employees for services	(4,472,763)	(327,116)	(4,799,879)
Payments to suppliers for goods and services	(12,859,440)	(358,040)	(13,217,480)
Other receipts	3,896,126	234,646	4,130,772
	<u>20,354,825</u>	<u>685,701</u>	<u>21,040,526</u>
Cash flows from noncapital financing activities			
Transfers in (out)	(4,728,644)	135,000	(4,593,644)
	<u>(4,728,644)</u>	<u>135,000</u>	<u>(4,593,644)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(2,247,868)	(123,184)	(2,371,052)
Principal payments on revenue bonds and notes	(8,105,666)	(285,000)	(8,390,666)
Proceeds from issuance of bonds and notes	2,731,287	-	2,731,287
Interest on bonds and notes	(4,464,430)	(50,351)	(4,514,781)
	<u>(12,086,677)</u>	<u>(458,535)</u>	<u>(12,545,212)</u>
Cash flows from investing activities			
Investment purchases	(4,711,990)	(3,578)	(4,715,568)
Investment income	169,248	6,893	176,141
	<u>(4,542,742)</u>	<u>3,315</u>	<u>(4,539,427)</u>
Net increase (decrease) in cash and cash equivalents	(1,003,238)	365,481	(637,757)
Cash and cash equivalents at beginning of year	15,928,072	1,110,734	17,038,806
Cash and cash equivalents at end of year	<u>\$ 14,924,834</u>	<u>\$ 1,476,215</u>	<u>\$ 16,401,049</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 5,143,929	\$ 1,448,053	\$ 6,591,982
Restricted cash and cash equivalents	9,780,905	28,162	9,809,067
	<u>\$ 14,924,834</u>	<u>\$ 1,476,215</u>	<u>\$ 16,401,049</u>

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Water and</u>	<u>Stormwater</u>	
	<u>Sewer Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 12,624,080	\$ 122,419	\$ 12,746,499
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	7,633,358	550,843	8,184,201
Amortization	9,566	-	9,566
Non-cash pension expense	63,526	4,178	67,704
(Increase) decrease in:			
Receivables	453,802	(167,771)	286,031
Prepaid expenses	657	-	657
Inventories	91,634	-	91,634
Increase (decrease) in:			
Accounts payable	(506,245)	167,951	(338,294)
Retainage payable	7,634	-	7,634
Accrued expenses	33,658	874	34,532
Compensated absences	(56,845)	7,207	(49,638)
	<u>20,354,825</u>	<u>685,701</u>	<u>21,040,526</u>
Net cash provided by operating activities	<u>\$ 20,354,825</u>	<u>\$ 685,701</u>	<u>\$ 21,040,526</u>

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

City of Florence, South Carolina
Statement of Fiduciary Net Position
Agency Funds
June 30, 2016

Assets

Cash and cash equivalents	\$	262,432
Investments		60,710
Accounts receivable		<u>6,680</u>

TOTAL ASSETS \$ 329,822

Liabilities

Due to others	\$	<u>329,822</u>
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TOTAL LIABILITIES \$ 329,822

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

City of Florence, South Carolina

Notes To Financial Statements

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Florence, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standards setting body for governmental accounting and financial reporting. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Chartered in 1890, the City of Florence operates under a council-manager form of government and provides the following services: public safety, streets, sanitation, culture and recreation, planning and zoning, public improvements, water and sewer, stormwater and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered, and there are no agencies or entities which should be presented with the City.

The City is responsible for appointing the members of the board of the Housing Authority of Florence, but the City's accountability for this organization does not extend beyond making appointments.

The City is a participant with Florence County in a joint venture to operate the Florence City-County Civic Center. Both the City and County contributed \$616,402 as its share of the debt-service of the Civic Center for the fiscal year ended June 30, 2016. Any additional funding shortfall is to be paid equally by the City and County. The Civic Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Florence City-County Civic Center can be obtained from the Director at 3300 West Radio Drive, Florence, South Carolina 29501.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which 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. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. 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 enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are summarized into a single column. The various fund categories and fund types presented in the financial statements are described below:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The funds consist of Hospitality, Rollcart and Equipment Replacement, Housing Partnership, HOME Program, Community Development Block Grant, E-911, Victims Services, Drug Control, Federal Equitable Sharing, NSP Grant, Neighborhood Improvement Program, Accommodation Tax, Public Safety Grants, NSP-3, JAG Grant 2013, JAG Grant 2014, JAG Grant 2015, HUD EDI Grant, TIF Revenue and Debt Service, TIF Construction Projects, Florence County Penny Tax II and Sunday Local Option Revenue Fund.

Debt Service Fund - The Debt Service Fund is a governmental fund that is used to account for funds needed to make principal and interest payments on outstanding debt issues.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of Water and Sewer Utilities and Stormwater Utility Funds.

Fiduciary Fund Types

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for individuals and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of Court Escrow, Fire Trust, Veterans Park Development, Narcotics Holding Funds and Florence Area Humane Society.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. Interfund services provided and used are not eliminated. 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.

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Taxpayer-assessed property taxes and other sources of funds are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time or if they are collected within 60 days of year end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major government funds: *General Fund*. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund: *Hospitality Fund*. This fund is used to account for a 2% Hospitality Fee assessed on prepared food and beverages within the City.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major enterprise fund: *Water and Sewer*. This fund is used to account for transactions relating to the operations of the City water and sewer system.

D. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes checking accounts, money market accounts and certificates of deposits with an original maturity of three months or less. The City is authorized to invest in obligations of the U. S. Treasury and U. S. Agencies and instrumentalities, repurchase agreements, certificates of deposit and the state treasurer's investment pool.

All investments are reported at fair value. The fair value of U. S. Government securities is based on sales prices or bid-and-asked quotations on national securities exchanges or in the over-the counter market. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventory in the General Fund and in the Enterprise Fund consist of supplies held for consumption. Inventory in the Rollcart and Equipment Replacement fund consists of rollcarts and recycling bins held for future use. Certain payments made to vendors reflects costs from services applicable to future accounting periods and are recorded as prepaid expenditures in the government-wide and fund financial statements. The consumption method of accounting is used to record prepaid expenditures proportionately over the periods that the services is provided.

4. Restricted Assets

Certain proceeds of the City's Governmental Fund and Enterprise Fund capital lease and revenue bond debt are classified as restricted assets on the statement of net position because they represent unspent proceeds of capital debt or debt service reserve funds. Unspent grant funds received in the governmental funds are also classified as restricted assets in the statement of net position.

5. Capital Assets

Governmental Funds

Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements to the extent the City's capitalization threshold of \$8,000 for equipment and site improvements, \$15,000 for buildings and building improvements and \$50,000 for

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position/Fund Balance (Continued)

5. Capital Assets (Continued)

Governmental Funds (Continued)

infrastructure is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Management estimates historical cost when necessary. Donated assets are valued at their fair market value on the date donated.

Proprietary Fund Types

Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on management estimates, net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt. Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized.

Property, plant and equipment are depreciated using the straight line method over the estimated useful lives:

Buildings and system	3-60 years
Machinery and equipment	3-20 years
Infrastructure	10-30 years

6. Unearned Revenues

Unearned revenues in the General Fund represent local option sales taxes collected in the current year, but used to reduce property taxes in the subsequent year. Unearned revenues in the Special Revenue Fund represent money received in advance for a project or grant in which the expenditure will be made in a subsequent year.

7. Property Taxes

City of Florence millage rates are set each year by the City Council as part of the annual budgeting process. Following a public hearing and two readings of a budget ordinance, the City's annual budget is adopted and millage rate set to become effective on July 1.

Assessed values are established by the Florence County Assessor and the South Carolina Department of Revenue and were approximately \$170.4 million for the 2015 tax year. The City's property tax rate for fiscal year 2016 was 56.5 mils (operating 53.7, debt service 2.8). Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

All property taxes, with the exception of vehicle taxes, are mailed in October of each year and are levied on the assessed value established as of the prior January 1. The lien date is December 31 of each year. These property taxes are due and payable by January 15 of each year. A 3% penalty is assessed on unpaid taxes on January 16. On February 2, unpaid taxes are assessed an additional 7% for a total of 10%. On March 17, unpaid taxes are assessed an additional 5% for a total of 15%, and additional collection costs are added. Unpaid delinquent property taxes for real property and mobile homes may be subject to collection through a public property sale by Florence County.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position/Fund Balance (Continued)

7. Property Taxes (Continued)

Vehicle property tax notices are mailed monthly and are due and payable in conjunction with vehicle registration through the Motor Vehicle Division of the South Carolina Department of Transportation. Payment of vehicle property tax is required as a condition of annual vehicle registration with the Motor Vehicle Division of the Department of Transportation.

8. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned, but unused vacation and sick leave, which will be paid to employees upon separation from the City's service. Accumulated unpaid vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts, as well as bond insurance, are deferred and amortized over the term of the bonds using the straight-line method which approximates the bonds outstanding method. Bonds payable are reported net of the applicable premium or discount. Bond insurance 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 the 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.

10. Deferred Outflows/Inflows of Resources

As defined by GASB Concept Statement No. 4, "Elements of Financial Statements", deferred outflows of resources and deferred inflows of resources are the consumption of net assets by the government that are applicable to a future reporting period and an acquisition of net assets by the government that are applicable to a future reporting period, respectively.

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources. The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position/Fund Balance (Continued)

10. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

11. Net Position/Fund Balance

Government-wide Statements

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

Net Investment in Capital Assets – 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.

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

Unrestricted Net Position – Consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are either not in spendable form, such as supplies inventories, or are legally or contractually required to be maintained intact, such as principal donated to the City to be invested and held in a permanent fund from which only the investment earnings can be spent. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position/Fund Balance (Continued)

11. Net Position/Fund Balance (Continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by an adopted ordinance of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council. Through the budget ordinance adopted annually by City Council, the City Manager is authorized to assign fund balances.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (See Note V.A and the required supplementary information immediately following

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position/Fund Balance (Continued)

13. Pensions (Continued)

the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

14. Other Post-Employment Benefits

Other Post-employment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note V.B for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 45.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Accrued interest payable	\$ (137,631)
Capital leases payable	(7,705,888)
Notes payable	(545,000)
General obligation bonds payable	(10,702,785)
Revenue bonds payable	(22,278,000)
Compensated absences	<u>(2,392,742)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (43,762,046)</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Reconciliation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation states that "Governmental funds do not report amounts not received within 60 days of year end as revenue. However, in the statement of activities, amounts are recorded as revenue when earned." The details of this \$26,934 difference are as follows:

Deferred revenue – current year	\$ 88,995
Deferred revenue – prior year	<u>(62,061)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 26,934</u>

Another element of that reconciliation states that "Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net position." The details of this \$(6,780,453) difference are as follows:

Bond proceeds	\$ (6,750,000)
Capital lease proceeds	(1,886,085)
Payment of long-term debt principal	<u>1,855,632</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (6,780,453)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(38,497) difference are as follows:

Compensated absences – current year	\$ (2,392,742)
Compensated absences – prior year	2,371,664
Accrued interest – current year accrual	(137,631)
Accrued interest – prior year accrual	<u>120,212</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (38,497)</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, Hospitality Fund and Enterprise Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Legal budgets are adopted only for the General Fund, Hospitality Fund and Enterprise Funds. Thus, the budgetary financial statements included in this report do not include non-budgeted Special Revenue Funds or Agency Funds.
2. The City Council approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (general government, capital outlay, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the original amounts and the final authorized amounts as revised during the year.

There are a number of limitations and restrictions contained in the various bond indentures in the Enterprise Fund. The City is in compliance with all significant limitations and restrictions.

For the fiscal year ended June 30, 2016, the City had no expenditures that exceeded appropriations at the legal level of budgetary control and no fund deficits in its individual funds.

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's policy requires deposits to be secured by collateral, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC).

At June 30, 2016, the City's bank balance was \$21,836,153, all of which was collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name.

Restricted cash of \$195,849 at June 30, 2016, in the Governmental Funds is comprised of grant funds. Restricted cash of \$9,809,067 in the Enterprise Fund includes \$20,517 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

In February, 2012, the City awarded its cash management contract to Wells Fargo Bank for the next five years.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2016, the city had the following investments.

	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in years)</u>		<u>Credit Ratings</u>
		<u>Less than 1</u>	<u>1 - 5</u>	
South Carolina Local Government Investment Pool	<u>\$ 47,186,740</u>	<u>\$ 47,186,740</u>	<u>\$ -</u>	N/A

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than three years.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As a result, as of June 30, 2016, none of the City's investments are exposed to custodial credit risk.

Concentrations of Credit Risk

The City places no limit on the amount that the City may be invested in any one issuer or type of investment. Credit quality distribution for securities with credit exposure as a percentage of total investments are as follows. As of June 30, 2016, all of the City's investments were with the South Carolina Local Government Investment Pool which is exempt from risk categorization because third-party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under the Investment Company Act of 1940 because of the provisions of Section 2B and is not subject to any regulatory oversight. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

Credit Risk

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. As of June 2016, none of the City's investments are exposed to credit risk.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Receivables

Receivables as of June 30, 2016, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Hospitality	Non-Major	Water and Sewer	Stormwater Utility
Accounts	\$ -	\$ -	\$ -	\$ 4,889,514	\$ 275,485
Taxes	188,962	-	100,567	-	-
Intergovernmental	2,736,893	-	760,226	-	-
Other	3,226	315,865	-	987	-
Gross receivables	2,929,081	315,865	860,793	4,890,501	275,485
Less allowance for uncollectibles	(35,146)	-	-	(22,397)	(516)
	<u>\$ 2,893,935</u>	<u>\$ 315,865</u>	<u>\$ 860,793</u>	<u>\$ 4,868,104</u>	<u>\$ 274,969</u>

Governmental funds report deferred inflows 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 June 30, 2016, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 88,995	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	6,664
Local option sales tax receivable	-	1,998,819
	<u>\$ 88,995</u>	<u>\$ 2,005,483</u>

C. Capital Assets

A summary of the changes in the City's capital assets for governmental activities is as follows:

	Balances June 30, 2015	Increases	Decreases	Transfers	Balances June 30, 2016
Capital assets not being depreciated:					
Land	\$ 10,439,845	\$ 359,987	\$ 31,632	\$ -	\$ 10,768,200
Construction in progress	2,644,531	12,143,110	-	(184,407)	14,603,234
Total capital assets not being depreciated	<u>13,084,376</u>	<u>12,503,097</u>	<u>31,632</u>	<u>(184,407)</u>	<u>25,371,434</u>
Capital assets being depreciated:					
Buildings	17,911,310	1,551,033	-	(44,042)	19,418,301
Infrastructure	28,381,666	-	1,725,864	184,407	26,840,209
Machinery and equipment	17,970,463	1,790,560	2,542,020	2,189	17,221,192
Total capital assets being depreciated	<u>64,263,439</u>	<u>3,341,593</u>	<u>4,267,884</u>	<u>142,554</u>	<u>63,479,702</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

C. Capital Assets (Continued)

	Balances June 30, 2015	Increases	Decreases	Transfers	Balances June 30, 2016
Less accumulated depreciation for:					
Buildings	4,172,711	472,494	-	32,526	4,612,679
Infrastructure	14,214,590	952,867	268,680	-	14,898,777
Machinery and equipment	<u>14,263,818</u>	<u>985,374</u>	<u>2,504,743</u>	<u>9,300</u>	<u>12,735,149</u>
Total accumulated depreciation	<u>32,651,119</u>	<u>2,410,735</u>	<u>2,773,423</u>	<u>41,826</u>	<u>32,246,605</u>
Total capital assets being depreciated, net	<u>31,612,320</u>	<u>930,858</u>	<u>1,494,461</u>	<u>184,380</u>	<u>31,233,097</u>
Governmental activities capital assets, net	<u>\$ 44,696,696</u>	<u>\$ 13,433,955</u>	<u>\$ 1,526,093</u>	<u>\$ (27)</u>	<u>\$ 56,604,531</u>

A summary of the City's capital balances for business-type activities is as follows:

	Balances June 30, 2015	Increases	Decreases	Transfers	Balances June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,793,892	\$ 15,090	\$ -	\$ -	\$ 1,808,982
Construction in progress	<u>5,703,031</u>	<u>4,000,054</u>	<u>-</u>	<u>(2,184,919)</u>	<u>7,518,166</u>
Total capital assets not being depreciated	<u>7,496,923</u>	<u>4,015,144</u>	<u>-</u>	<u>(2,184,919)</u>	<u>9,327,148</u>
Capital assets being depreciated:					
Buildings and system	286,016,740	26,000	-	2,189,325	288,232,065
Machinery and equipment	<u>7,401,374</u>	<u>297,585</u>	<u>196,386</u>	<u>75,431</u>	<u>7,578,004</u>
Total capital assets being depreciated	<u>293,418,114</u>	<u>323,585</u>	<u>196,386</u>	<u>2,264,756</u>	<u>295,810,069</u>
Less accumulated depreciation for:					
Buildings and system	65,491,755	7,594,345	-	4,406	73,090,506
Machinery and equipment	<u>5,420,433</u>	<u>589,856</u>	<u>174,273</u>	<u>75,431</u>	<u>5,911,447</u>
Total accumulated depreciation	<u>70,912,188</u>	<u>8,184,201</u>	<u>174,273</u>	<u>79,837</u>	<u>79,001,953</u>
Total capital assets being depreciated, net	<u>222,505,926</u>	<u>(7,860,616)</u>	<u>22,113</u>	<u>2,184,919</u>	<u>216,808,116</u>
Business-type activities capital assets, net	<u>\$ 230,002,849</u>	<u>\$ (3,845,472)</u>	<u>\$ 22,113</u>	<u>\$ -</u>	<u>\$226,135,264</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 295,573
Public safety	628,430
Public works	818,541
Culture and recreation	<u>668,191</u>
Total depreciation - governmental activities	<u>\$ 2,410,735</u>
Business-Type Activities	
Water and sewer	\$ 7,633,358
Stormwater	<u>550,843</u>
Total depreciation - business-type activities	<u>\$ 8,184,201</u>

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2016 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 17,397
Nonmajor governmental	-	873,288
Water and sewer	<u>890,685</u>	<u>-</u>
Total	<u>\$ 890,685</u>	<u>\$ 890,685</u>

During 2014, the City used funds from the Water and Sewer Fund in the amount of \$453,253 to payoff a governmental loan. The General Fund will repay the Water and Sewer Fund over the life of the original loan in the same amount of \$85,000 per year.

The remaining balances are for reimbursable expenditures and will be paid within 30 days.

Interfund transfers for the year ended June 30, 2016, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 4,985,842	\$ -
Hospitality fund	-	1,070,000
Nonmajor governmental funds	<u>1,000,000</u>	<u>322,198</u>
Total governmental funds	<u>5,985,842</u>	<u>1,392,198</u>
Water and sewer enterprise fund	-	4,728,644
Nonmajor enterprise funds	<u>135,000</u>	<u>-</u>
Total enterprise funds	<u>135,000</u>	<u>4,728,644</u>
Total transfers out	<u>\$ 6,120,842</u>	<u>\$ 6,120,842</u>

The transfers consist primarily of \$4,728,644 to General Fund from Water and Sewer Enterprise Fund and \$1,070,000 to General Fund from Hospitality Fund based on budgetary authorization.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

E. Capital Leases

The City has entered into lease purchase agreements to fund the purchase of vehicles and equipment for the police, fire and sanitation departments, and the City Center purchase and renovations. The book value of assets acquired under capital leases are as follows:

Machinery & equipment	\$ 4,151,582
Buildings	5,300,000
Less: accumulated depreciation	<u>(857,534)</u>
 Total	 <u>\$ 8,594,048</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2016, were as follows:

Year Ending	
<u>June 30,</u>	
2016	\$ 995,333
2017	985,250
2018	985,250
2019	876,142
2020	593,543
2021-2025	2,153,543
2026-2030	1,950,000
2031-2033	<u>780,000</u>
	9,319,061
Less amount representing interest	<u>1,613,173</u>
	<u>\$ 7,705,888</u>

F. Long-Term Debt

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance			Balance	Due Within
	June 30, 2015	Additions	Reductions	June 30, 2016	One Year
<u>Governmental Activities</u>					
General obligations bonds	\$ 4,258,515	\$ 6,750,000	\$ 305,730	\$ 10,702,785	\$ 2,320,352
Tax Increment Revenue Bonds	12,936,000	-	-	12,936,000	366,000
Hospitality Revenue Bonds	10,078,000	-	736,000	9,342,000	770,000
Capital leases	6,568,705	1,886,085	748,902	7,705,888	799,958
Notes payable	610,000	-	65,000	545,000	65,000
Compensated absences	<u>2,371,664</u>	<u>2,759,815</u>	<u>2,738,737</u>	<u>2,392,742</u>	<u>195,500</u>
	<u>\$ 36,822,884</u>	<u>\$ 11,395,900</u>	<u>\$ 4,594,369</u>	<u>\$ 43,624,415</u>	<u>\$ 4,516,810</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. Long-Term Debt (Continued)

	Balance			Balance	Due Within
	June 30, 2015	Additions	Reductions	June 30, 2016	One Year
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 99,260,158	\$ 2,702,348	\$ 3,239,198	\$ 98,723,308	\$ 3,054,523
Stormwater	1,900,000	-	285,000	1,615,000	295,000
Bond premium	<u>552,926</u>	<u>-</u>	<u>49,431</u>	<u>503,495</u>	<u>-</u>
Total bonds payable	101,713,084	2,702,348	3,573,629	100,841,803	3,349,523
Notes payable					
Water and sewer	40,347,292	99,025	4,887,122	35,559,195	2,039,531
Compensated absences					
Water and sewer	710,966	761,376	818,221	654,121	155,000
Stormwater	<u>60,417</u>	<u>77,935</u>	<u>70,728</u>	<u>67,624</u>	<u>3,000</u>
	<u>\$ 142,831,759</u>	<u>\$ 3,640,684</u>	<u>\$ 9,349,700</u>	<u>\$ 137,122,743</u>	<u>\$ 5,547,054</u>

Notes payable in the governmental activities are not general obligations of the City. Repayment is budgeted in the General Fund and Special Revenue Fund. For governmental activities, compensated absences are liquidated by the General Fund and capital leases are liquidated by the General Fund and Special Revenue Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the government and are repaid by the debt service fund.

General obligation bonds payable from governmental activities at June 30, 2016 are as follows:

In August 2010, the City issued a \$5,345,000 General Obligation Bond. The bond is for capital improvements, equipment purchases, and related issuance costs. The bond has a 3.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures June 30, 2026.

\$ 3,952,785

In March 2016, the City issued a \$6,750,000 General Obligation Bond. The bond is to defray the cost of acquisition, construction and equipping of a municipal soccer complex and improvements to its regional recreation facility. The bond has a 1.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures March 1, 2020.

6,750,000
\$ 10,702,785

Revenue bonds payable from governmental activities at June 30, 2016 are as follows:

In May, 2014, the City issued a \$12,936,000 Revenue Bond. The bond is for capital improvements in the downtown area and related issuance costs. The bond has a 3.04% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures December 1, 2026.

\$ 12,936,000

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. Long-Term Debt (Continued)

In June 2014, the City issued a \$4,648,000 Refunding Revenue Bond. The bond is for capital improvements at the City's recreation facilities. The bond has 2.60% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures April 1, 2024.

3,788,000

In June 2014, the City issued a \$1,545,000 Refunding Revenue Bond. The bond is for capital improvements and related issuance costs. The bond has a 2.05% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures June 1, 2021.

1,136,000

In May 2014, the City issued a \$4,605,000 Revenue Bond. The bond is for recreational facility construction. The bond has a 3.42% interest rate through June 1, 2024 and thereafter a rate to be negotiated between the City and issuer and requires semi-annual interest payments and annual principal payments. The bond matures June 1, 2034.

4,418,000

Total revenue bonds

\$ 22,278,000

Notes payable from governmental activities at June 30, 2016 are as follows:

In June, 2008, the City borrowed \$1,000,000 on a note guaranteed under Section 108 of the U.S. Department of Housing and Urban Development bearing interest from 2.62% to 5.19%. Interest is paid semi-annually and annual principal payments of \$65,000 in 2009 to 2022 with a final principal payment of \$90,000 in 2023. The proceeds may be spent for the purpose of acquisition and rehabilitation of real property.

\$ 545,000

Governmental activities notes payable debt service to maturity is as follows:

Year Ending June 30,	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2017	\$ 2,320,352	\$ 195,101	\$ 65,000	\$ 25,100
2018	2,335,491	164,584	65,000	22,162
2019	2,351,164	130,535	65,000	19,179
2020	1,117,390	95,982	65,000	16,095
2021	384,187	75,407	65,000	12,900
2022-2026	2,194,201	179,332	220,000	18,322
	<u>\$ 10,702,785</u>	<u>\$ 840,941</u>	<u>\$ 545,000</u>	<u>\$ 113,758</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. Long-Term Debt (Continued)

Year Ending June 30,	Total Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,136,000	\$ 660,563	\$ 3,521,352	\$ 880,764
2018	1,307,000	627,587	3,707,491	814,332
2019	1,486,000	589,299	3,902,164	739,013
2020	1,676,000	545,466	2,858,390	657,543
2021	1,877,000	495,708	2,326,187	584,015
2022-2026	10,375,000	1,557,480	12,789,201	1,755,134
2027-2031	3,464,000	335,536	3,464,000	335,536
2032-2034	957,000	66,485	957,000	66,485
	<u>\$ 22,278,000</u>	<u>\$ 4,878,124</u>	<u>\$ 33,525,785</u>	<u>\$ 5,832,822</u>

The following table summarizes the City's business-type activities revenue bonds and notes payable:

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2016
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2010A	\$ 31,005,000	2.00 to 4.00	9/1/2024	\$ 21,485,000
	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	67,995,000
	Series 2011	4,926,000	1.558	9/1/2017	874,000
	Series 2014	6,004,585	1.875	3/28/2053	5,805,231
	Series 2015	2,702,348	2.35	6/1/2032	<u>2,564,077</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					98,723,308
<i>Secured by Stormwater Utility Fund Revenues</i>					
Revenue Bonds	Series 2006	4,000,000	2.65	6/2/2021	<u>1,615,000</u>
Total Revenue Bonds					<u>\$ 100,338,308</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 1999	\$ 2,767,997	2.25	3/1/2020	\$ 657,103
	May 2000	6,210,343	2.25	7/1/2029	3,795,301
	January 2003	2,517,834	2.25	2/1/2030	1,638,055
	June 2009	19,015,957	2.81	4/1/2031	14,844,014
	May 2013	10,626,372	1.90	4/1/2034	9,665,499
	September 2013	3,890,000	1.90	9/1/2034	3,538,410
	September 2014*	1,750,566	1.00	4/1/2045	<u>1,420,813</u>
Total Notes Payable					<u>\$ 35,559,195</u>

* The City began drawing down on a note from the South Carolina Water Quality Revolving Fund Authority in September 2014. The total loan amount available to the City for the upgrade of the City's wastewater treatment plan is \$1,750,566. As of June 30, 2016, the City had drawn \$1,484,711 of this amount which is included in construction in progress and in notes payable.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. Long-Term Debt (Continued)

Business-type activities revenue bond and notes payable debt service requirements to maturity are as follows:

Year Ending June 30,	Combined Revenue Bonds		Total Notes Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 3,349,523	\$ 5,057,719	\$ 2,039,531	\$ 722,822	\$ 5,389,054	\$ 5,780,541
2018	2,878,677	4,973,964	2,081,987	680,367	4,960,664	5,654,331
2019	2,799,943	4,896,176	2,125,459	636,893	4,925,402	5,533,069
2020	2,880,324	4,817,239	2,124,175	592,376	5,004,499	5,409,615
2012	2,965,822	4,721,413	2,029,756	549,381	4,995,578	5,270,794
2022-2026	15,150,875	22,002,605	10,878,330	2,088,792	26,029,205	24,091,397
2027-2031	20,517,492	17,497,693	11,279,662	902,031	31,797,154	18,399,724
2032-2036	23,856,151	11,096,045	3,000,295	112,216	26,856,446	11,208,261
2037-2041	23,471,902	3,258,933	-	-	23,471,902	3,258,933
2042-2046	874,466	199,154	-	-	874,466	199,154
2047-2051	959,579	114,041	-	-	959,579	114,041
2052-2053	633,554	19,955	-	-	633,554	19,955
	<u>\$ 100,338,308</u>	<u>\$ 78,654,937</u>	<u>\$ 35,559,195</u>	<u>\$ 6,284,878</u>	<u>\$ 135,897,503</u>	<u>\$ 84,939,815</u>

G. Fund Balances – Governmental Funds

As of June 30, 2016, fund balances are composed of the following:

	General Fund	Hospitality Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable	\$ 186,194	\$ -	\$ 10,500	\$ 196,694
Restricted for:				
Community Development:				
Housing Partnership	-	-	22,279	22,279
HOME Program	-	-	344,850	344,850
NSP Grant	-	-	73,739	73,739
Block Grant	-	-	5,760	5,760
NSP-3 Grant	-	-	48,905	48,905
Public Safety:				
E-911	-	-	274,257	274,257
Victims Services	-	-	117,954	117,954
Drug Control	-	-	196,284	196,284
Federal Equitable Sharing	-	-	1,217	1,217
Public Safety Grants	-	-	26,864	26,864
Capital Projects:				
TIF Revenue & Debt Services	-	-	422,127	422,127
TIF Construction Projects	-	-	678,617	678,617
Florence County Penny Tax II	-	-	107,915	107,915
Tourism:				
Accommodation Tax	-	-	51,520	51,520
Sunday Local Option Revenue Fund	-	-	72,827	72,827
Hospitality Fund	-	11,591,345	-	11,591,345
Debt Service	-	-	585,323	585,323
	<u>-</u>	<u>11,591,345</u>	<u>3,030,438</u>	<u>14,621,783</u>
Committed to:				
Rollcart and Equipment Replacement	-	-	411,240	411,240
	<u>-</u>	<u>-</u>	<u>411,240</u>	<u>411,240</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE IV - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

G. Fund Balances – Governmental Funds (Continued)

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned to:				
Subsequent Year's Expenditures	2,747,650	-	-	2,747,650
Downtown Redevelopment:				
Incubator Operating Fund	31,925	-	-	31,925
Downtown Revitalization	124,419	-	-	124,419
Capital Projects:				
City Center Reserve Fund	306,308	-	-	306,308
Parks and Athletic Programs:				
Recreation Registration	1,811	-	-	1,811
Recreation Projects	17,053	-	-	17,053
Park Commission	4,725	-	-	4,725
Recreation Programs	12,490	-	-	12,490
Public Safety:				
Drug Free Florence	58	-	-	58
Employee Assistance	2,616	-	-	2,616
	<u>3,249,055</u>	<u>-</u>	<u>-</u>	<u>3,249,055</u>
Unassigned	11,591,331	-	-	11,591,331
Total Fund Balances	<u>\$ 15,026,580</u>	<u>\$11,591,345</u>	<u>\$ 3,452,178</u>	<u>\$ 30,070,103</u>

NOTE V - OTHER INFORMATION

A. Employee Benefits

1. State Retirement Plans

The majority of employees of the City are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information for the South Carolina Retirement Systems' pension trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018.

Effective July 1, 2015, employees participating in the SCRS were required to contribute 8.16% of all earnable compensation. The employer contribution rate for SCRS was 11.06%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.91%, and .15% for the incidental death program. The City's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2016, 2015, and 2014 were:

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
June 30, 2016	10.910%	\$ 1,158,410	0.150%	\$ 15,927
June 30, 2015	10.750%	\$ 1,097,257	0.150%	\$ 15,311
June 30, 2014	10.450%	\$ 1,071,353	0.150%	\$ 15,378

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2015, employees participating in the PORS were required to contribute 8.74% of all earnable compensation. The employer contribution rate for PORS was 13.74%. Included in the total PORS employer contribution rate is a base retirement contribution of 13.34%, .20% for the incidental death program, and .20% for the accidental death program. The City's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2016, 2015, and 2014 were:

Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
June 30, 2016	13.340%	\$ 1,059,068	0.20%	\$ 15,878	0.20%	\$ 15,878
June 30, 2015	13.010%	\$ 1,056,675	0.20%	\$ 16,244	0.20%	\$ 16,244
June 30, 2014	12.440%	\$ 1,014,520	0.20%	\$ 16,311	0.20%	\$ 16,311

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

The amounts paid by the City for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the City's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the City recognizes no contingent liability for unfunded costs associated with participation in the plans.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$20,739,324 for SCRS and \$14,284,382 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Organizations, actuarially determined. At June 30, 2015 and 2014, the City's proportion was:

	<u>2015</u>	<u>2014</u>
SCRS	0.109353%	0.113028%
PORS	0.65549%	0.68036%

For the year ended June 30, 2016, the City recognized pension expense of \$1,325,589 for SCRS and \$1,161,623 for PORS. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 507,286	\$ -
Net difference between projected and actual earnings on pension plan investments	-	545,155
City contributions subsequent to the measurement date	1,174,337	-
Total	<u>\$ 1,681,623</u>	<u>\$ 545,155</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - - Continued

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 439,475	\$ -
Net difference between projected and actual earnings on pension plan investments	-	411,998
City contributions subsequent to the measurement date	1,090,824	-
Total	\$ 1,530,299	\$ 411,998

\$1,174,337 for SCRS and \$1,090,824 for PORS reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS
2017	\$ 7,151	\$ 2,778
2018	7,151	2,778
2019	(3,042)	1,996
2020	<u>26,609</u>	<u>19,925</u>
Total	\$ 37,869	\$ 27,477

Contributions

The total pension liability in the July 01, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment rate of return	7.50%	7.50%
Projected salary increases	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Inflation	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014, valuations for SCRS and PORS are as follows:

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions (Continued)

Former Job Class	Males	Females
Educators and judges	RP-2000 males (with White Collar adjustment) multiplied by 110%	RP-2000 females (with White Collar adjustment) multiplied by 95%
General employees and members of the general assembly	RP-2000 males multiplied by 100%	RP-2000 females multiplied by 90%
Public safety, firefighters, and members of the South Carolina National Guard	RP-2000 males (with Blue Collar adjustment) multiplied by 115%	RP-2000 females (with Blue Collar adjustment) multiplied by 115%

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is completed.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the actuarial assumptions table above. For actuarial purposes, the 7.5 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Long-term expected rate of return (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core fixed income	7.0%	2.70%	0.19%
Mixed credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global fixed income	3.0%	2.80%	0.08%
Emerging markets debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge funds (low beta)	8.0%	4.30%	0.34%
Private debt	7.0%	9.90%	0.69%
Private equity	9.0%	9.90%	0.89%
Real estate (broad market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Inflation for Actuarial Purpose	100.0%		6.00%
Total Expected Nominal Return			2.75%
Total			8.75%

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Sensitivity of the Organization's proportionate share of the net pension liability to changes in the discount rate

The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
SCRS	\$ 26,146,361	\$ 20,739,324	\$ 16,207,539
PORS	\$ 19,461,385	\$ 14,284,381	\$ 9,660,206

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR continuing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the pension trust funds is publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

2. Deferred Compensation Plan

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

B. Postemployment Benefits Other Than Pensions

Plan Description

The City's single-employer defined benefit postemployment healthcare plan (the Plan) provides medical and dental insurance to eligible retirees and their beneficiaries. As established by Resolution 98-05, adopted by City Council on May 11, 1998, and as amended by Resolution 2008-09, adopted by City Council on July 14, 2008, an employee becomes eligible when the employee qualifies for retirement benefits under the SCRS or PORS and meets a minimum required number of years of service with the City as defined below. Information regarding the SCRS and PORS eligibility may be obtained from the Comprehensive Annual financial Report of those plans.

The contribution requirements of the City and plan members are established and amended by Council. Council has retained the right to unilaterally modify its payments toward retiree health care benefits. The Plan does not issue a publicly available financial report.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

As of July 1, 2015, the most recent measurement date for the plan, there were 595 covered participants; 103 were retirees and their beneficiaries receiving benefits, and 492 were active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust investment plan administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. 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

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$442.26 for retirees and \$935.90 for retiree and spouse. The cost of coverage for pre-65 retirees is also implicitly subsidized by the City. Spouses are implicitly subsidized until age 65. All coverage ends at the death of the retiree. The current average monthly premium is approximately \$442.26 for retirees after age 65.

For Retirees Before July 14, 2008

Retirees pay a percentage of the explicit portion of the benefit based on their service at retirement for their own coverage based on the table below. Spouses pay the full premium rate.

<u>Years of Service</u>	<u>Percentage</u>
30+ years	0%
25-29 years	10%
20-24 years	20%
15-19 years	30%

After age 65, retirees pay the total premium cost in excess of a percentage of \$263.56 for their own coverage. The percentage is based on the service criteria listed in the table below. Retirees are expected to pay for all future increase in the cost of this coverage. Spouses pay the full premium rate after age 65.

<u>Years of Service</u>	<u>Percentage</u>
30+ years	100%
25-29 years	90%
20-24 years	80%
15-19 years	70%

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

For Retirees After July 14, 2008

Before age 65, retirees who have 25 or more years of service with the City of Florence pay nothing for their own coverage and the full premium for spouse coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay 50% of the total cost (including implicit portion) for their own coverage and the full premium plus 50% of the implicit cost for spouse coverage.

After age 65, retirees who have 25 or more years of service with the City pay the total premium cost in excess of \$263.56 for their own coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay the total premium in excess of \$131.78 (half of \$263.56) for their own coverage. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

Annual OPEB Cost and Net OPEB Obligation

The City'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 following table shows the components of the City's annual OPEB cost for 2015, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 791,100
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	791,100
Contribution made	<u>(791,100)</u>
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ -</u>

Contributions included \$282,695 paid by the City to the Plan to pre-fund benefits and \$508,405 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Net OPEB (obligation) asset for 2015 and the preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB (Obligation) Asset</u>
June 30, 2016	\$ 791,100	100%	\$ -
June 30, 2015	\$ 762,990	100%	\$ -
June 30, 2014	\$ 745,930	100%	\$ -

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

Funded Status and Funding Progress

At July 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits (AAL) was \$11,433,799, with \$2,796,295 in plan assets at actuarial values, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,637,504. The funded ratio (Actuarial value of plan assets/AAL) was 24.46%. The covered payroll (annual payroll of active employees covered by the plan) was \$18,330,494, and the ratio of UAAL to the covered payroll was 47.12%.

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 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. Significant methods and assumptions used in the actuarial valuation at July 1, 2015, follow:

Valuation date:	July 1, 2015
Actuarial cost method:	Projected unit credit
Amortization method:	Level percent of pay, closed
Remaining amortization period:	23 years
Asset valuation method:	5-year Smoothed Market Value; 80%-120% corridor
Actuarial assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50%-5.00%
Post-Medicare trend rate	5.50%-5.00%
Ultimate trend rate:	5.00%
Year of Ultimate trend rate:	2020
* Includes inflation at:	2.75%

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2016

NOTE V - OTHER INFORMATION (CONTINUED)

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains its insurance for tort liability, property, automobile fleet, boiler and machinery, and crime with the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both the SCMIRF and SCMIT funds are self-insured pools with other municipalities in South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina. The City pays an annual premium to SCMIRF and SCMIT. The City carries a \$10,000 deductible under the SCMIRF plan and a \$10,000 deductible under the SCMIT plan. Claims below these thresholds are managed by the City. The SCMIRF will reinsure through commercial companies for claims in excess of \$1 million for each insured event. If the City's losses under SCMIT exceed the annual premium, it is assessed an additional amount to fully reimburse the insurer for the losses. If the premium exceeds the losses, the City receives a refund.

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2016, the outstanding commitments total approximately \$26,666,648.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,242,000 for the year ended June 30, 2016, as its share of the operating, capital, and debt service costs of the Civic Center. Per the agreement, the City is annually responsible for its share of the above listed costs. The agreement will remain in effect unless it is terminated by mutual consent of each party to the agreement.

E. Contingencies

The City is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The City participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2016 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- South Carolina Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions
- South Carolina Police Officers Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions
- Schedules of Funding Progress and Employee Contributions
 - Other Post-Employment Benefits

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence’s Proportionate Share
of the Net Pension Liability
South Carolina Retirement System
Last Three Fiscal Years

	Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 20,739,324	\$ 19,459,674	\$ 20,273,191
Covered-employee payroll	\$ 10,617,875	\$ 10,252,182	\$ 9,972,880
Proportionate share of the net pension liability as a percentage of covered-employee payroll	195.325%	189.810%	203.283%
Plan fiduciary net position as a percentage of the total pension liability	57.000%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year.

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence's Contributions
South Carolina Retirement System
Last Three Fiscal Years

	Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,174,337	\$ 1,112,568	\$ 1,086,731
Contributions in relation to the contractually required contribution	<u>1,174,337</u>	<u>1,112,568</u>	<u>1,086,731</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182
Contributions as a percentage of covered-employee payroll	11.06%	10.900%	10.600%

Notes to Schedule:

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence’s Proportionate Share
of the Net Pension Liability
South Carolina Police Officers Retirement System
Last Three Fiscal Years

	Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 14,284,381	\$ 13,024,941	\$ 14,103,614
Covered-employee payroll	\$ 7,939,039	\$ 8,155,305	\$ 8,156,983
Proportionate share of the net pension liability as a percentage of covered-employee payroll	179.93%	159.71%	172.90%
Plan fiduciary net position as a percentage of the total pension liability	64.600%	67.549%	62.979%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year.

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence's Contributions
South Carolina Police Officers Retirement System
Last Three Fiscal Years

	Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,090,824	\$ 1,089,163	\$ 1,047,142
Contributions in relation to the contractually required contribution	<u>1,090,824</u>	<u>1,089,163</u>	<u>1,047,142</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305
Contributions as a percentage of covered-employee payroll	13.74%	13.410%	12.840%

Notes to Schedule:

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina

Schedules of Funding Progress and Employer Contributions- Other Postemployment Benefits

SCHEDULE OF FUNDING PROGRESS

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 [(b-a)/c]
Primary Government						
7/1/2007	\$ -	\$ 9,126,000	\$ 9,126,000	0.00%	\$ 14,801,000	61.66%
7/1/2009	\$ 454,700	\$ 8,557,200	\$ 8,102,500	5.31%	\$ 15,893,500	50.98%
7/1/2011	\$ 952,489	\$ 8,337,329	\$ 7,384,840	11.42%	\$ 17,064,217	43.28%
7/1/2013	\$ 2,022,674	\$ 10,205,825	\$ 8,183,151	19.82%	\$ 17,719,422	46.18%
7/1/2015	\$ 2,796,295	\$ 11,433,799	\$ 8,637,504	24.46%	\$ 18,330,494	47.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30, 2016	Actuarial Required Contribution	Actual Contribution	Net OPEB Liability	Percent Contributed
Primary Government				
2009	\$ 772,000	\$ 772,000	\$ -	100%
2010	\$ 795,000	\$ 795,000	\$ -	100%
2011	\$ 803,200	\$ 803,200	\$ -	100%
2012	\$ 838,300	\$ 838,300	\$ -	100%
2013	\$ 730,290	\$ 730,290	\$ -	100%
2014	\$ 745,930	\$ 745,930	\$ -	100%
2015	\$ 762,990	\$ 762,990	\$ -	100%
2016	\$ 791,100	\$ 791,100	\$ -	100%

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

To account for revenue from grants and other sources that is legally restricted to expenditures for specific purposes.

Housing Partnership - This fund is used to account for the expenditure of Housing Action Partnership Program grant.

HOME Program - This fund is used to account for the expenditure of HOME investment partnerships program grant.

Community Development Block Grant - This fund is used to account for the expenditures of community development block grants and HUD Section 108 loan proceeds.

Rollcart and Equipment Replacement – This fund is used to account for the costs associated with the repair and replacement of garbage collection rollcarts and recycle bins within the City.

E-911 - This fund is used to account for funds received for communication costs for 911 emergency services.

Victims Services - This fund is used to account for funds received to provide services to victims of crime.

Drug Control - This fund is used to account for funds seized in drug related cases that have been awarded to the City and are available for use.

Federal Equitable Sharing - This fund is used to account for revenues derived from forfeitures of federally seized assets which are expended to enhance law enforcement.

NSP Grant – This fund is used to account for program expenditures of the HUD funded grant, Neighborhood Stabilization Program.

Neighborhood Improvement Program – This fund is used for project expenditures to revitalize neighborhoods in the City.

Accommodation Tax - This fund is used to account for funds received from the State to promote tourism in the City.

Public Safety Grants - This fund is used to account for grant funds to reduce crime and improve public safety.

NSP-3 Grant - This fund is used to account for program expenditures of HUD funded grant, Neighborhood Stabilization Program.

JAG Grant 2013 - This fund is used to account for program expenditures of the Bureau of Justice Assistance Grant 2013.

JAG Grant 2014 - This fund is used to account for program expenditures of the Bureau of Justice Assistance Grant 2014.

JAG Grant 2015 - This fund is used to account for program expenditures of the Bureau of Justice Assistance Grant 2015.

HUD EDI Grant - This fund is used to account for program expenditures of the Department of Housing and Urban Development grant.

Sunday Local Option Revenue Fund - This fund is used to account for revenues received from the Sunday Local Option Taxes.

TIF Revenue & Debt Service - This fund is used to account for revenues received and paid from the TIF bond.

TIF Construction Projects - This fund is used to account for various construction projects with the TIF funds.

Florence County Penny Tax II - This fund is used to account for various construction projects paid from the penny tax collections.

DEBT SERVICE FUND

To account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
ASSETS					
Cash and cash equivalents	\$ 22,279	\$ 344,850	\$ -	\$ 166,327	\$ 362,899
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	-	-	13,985	-	-
Inventory	-	-	-	10,500	-
Investments	-	-	-	244,913	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 22,279</u>	<u>\$ 344,850</u>	<u>\$ 13,985</u>	<u>\$ 421,740</u>	<u>\$ 362,899</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 54	\$ -	\$ 88,642
Retainage payable	-	-	-	-	-
Due to other funds	-	-	8,171	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>8,225</u>	<u>-</u>	<u>88,642</u>
Fund balances:					
Nonspendable	-	-	-	10,500	-
Restricted	22,279	344,850	5,760	-	274,257
Committed	-	-	-	411,240	-
Total fund balances	<u>22,279</u>	<u>344,850</u>	<u>5,760</u>	<u>421,740</u>	<u>274,257</u>
Total liabilities and fund balances	<u>\$ 22,279</u>	<u>\$ 344,850</u>	<u>\$ 13,985</u>	<u>\$ 421,740</u>	<u>\$ 362,899</u>

Special Revenue Funds

<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>	<u>Accommodation Tax</u>
\$ 117,954	\$ 196,284	\$ 1,217	\$ -	\$ -	\$ -
-	-	-	111,881	-	-
-	-	-	-	94,950	-
-	-	-	-	-	210,008
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 117,954</u>	<u>\$ 196,284</u>	<u>\$ 1,217</u>	<u>\$ 111,881</u>	<u>\$ 94,950</u>	<u>\$ 210,008</u>
\$ -	\$ -	\$ -	\$ 3,324	\$ -	\$ 145,534
-	-	-	-	-	-
-	-	-	34,818	94,950	12,954
-	-	-	38,142	94,950	158,488
-	-	-	-	-	-
117,954	196,284	1,217	73,739	-	51,520
-	-	-	-	-	-
<u>117,954</u>	<u>196,284</u>	<u>1,217</u>	<u>73,739</u>	<u>-</u>	<u>51,520</u>
<u>\$ 117,954</u>	<u>\$ 196,284</u>	<u>\$ 1,217</u>	<u>\$ 111,881</u>	<u>\$ 94,950</u>	<u>\$ 210,008</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2016

	<u>Special Revenue Funds</u>				
	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>	<u>JAG Grant 2013</u>	<u>JAG Grant 2014</u>	<u>JAG Grant 2015</u>
ASSETS					
Cash and cash equivalents	\$ 26,864	\$ 23,735	\$ -	\$ -	\$ -
Restricted cash	-	57,437	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventory	-	-	-	-	-
Investments	-	-	-	-	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 26,864</u>	<u>\$ 81,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,206	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Due to other funds	-	30,061	-	-	-
Total liabilities	<u>-</u>	<u>32,267</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	26,864	48,905	-	-	-
Committed	-	-	-	-	-
Total fund balances	<u>26,864</u>	<u>48,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 26,864</u>	<u>\$ 81,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds							Total
HUD EDI Grant	Sunday Local Option Revenue Fund	TIF Revenue & Debt Service	TIF Construction Projects	Florence County Penny Tax II	Debt Service	Nonmajor Governmental Funds	
\$ -	\$ 72,827	\$ 422,127	\$ -	\$ 187,199	\$ 579,706	\$ 2,524,268	
-	-	-	597	-	-	169,915	
-	-	-	-	-	5,617	100,567	
-	-	-	-	536,233	-	760,226	
-	-	-	-	-	-	10,500	
-	-	-	-	-	-	244,913	
-	-	-	2,989,746	-	-	2,989,746	
\$ -	\$ 72,827	\$ 422,127	\$ 2,990,343	\$ 723,432	\$ 585,323	\$ 6,800,135	
\$ -	\$ -	\$ -	\$ 802,323	\$ 471,578	\$ -	\$ 1,513,661	
-	-	-	817,069	143,939	-	961,008	
-	-	-	692,334	-	-	873,288	
-	-	-	2,311,726	615,517	-	3,347,957	
-	-	-	-	-	-	10,500	
-	72,827	422,127	678,617	107,915	585,323	3,030,438	
-	-	-	-	-	-	411,240	
-	72,827	422,127	678,617	107,915	585,323	3,452,178	
\$ -	\$ 72,827	\$ 422,127	\$ 2,990,343	\$ 723,432	\$ 585,323	\$ 6,800,135	

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue Funds				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	875	-	55,679	-
Intergovernmental	-	-	308,392	-	-
Charges for services	-	-	-	-	155,677
Investment earnings	48	933	-	2,000	914
Miscellaneous	7,321	22,022	-	-	-
Total revenues	<u>7,369</u>	<u>23,830</u>	<u>308,392</u>	<u>57,679</u>	<u>156,591</u>
Expenditures					
Current:					
Public safety	-	-	-	-	165,927
Culture and recreation	-	-	-	-	-
Community development	-	-	213,304	-	-
Debt service:					
Principal	-	-	65,000	-	-
Interest	-	-	27,964	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>306,268</u>	<u>-</u>	<u>165,927</u>
Excess (deficiency) of revenues over (under) expenditures	7,369	23,830	2,124	57,679	(9,336)
Other financing sources (uses)					
Revenue bond proceeds	-	-	-	-	-
Transfers in (out)	-	-	-	(192,500)	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(192,500)</u>	<u>-</u>
Net changes in fund balances	7,369	23,830	2,124	(134,821)	(9,336)
Fund balances at beginning of year	<u>14,910</u>	<u>321,020</u>	<u>3,636</u>	<u>556,561</u>	<u>283,593</u>
Fund balances at end of year	<u>\$ 22,279</u>	<u>\$ 344,850</u>	<u>\$ 5,760</u>	<u>\$ 421,740</u>	<u>\$ 274,257</u>

Special Revenue Funds

<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>	<u>Accommodation Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81,121	-	-	-	-	-
-	-	3,110	17,816	94,950	642,347
-	-	-	-	-	-
301	1,327	31	-	-	20
-	71,813	-	400	-	-
<u>81,422</u>	<u>73,140</u>	<u>3,141</u>	<u>18,216</u>	<u>94,950</u>	<u>642,367</u>
-	39,295	33,895	-	-	-
-	-	-	-	-	-
-	-	-	1,915	94,950	590,847
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	382	-	-
-	<u>39,295</u>	<u>33,895</u>	<u>2,297</u>	<u>94,950</u>	<u>590,847</u>
81,422	33,845	(30,754)	15,919	-	51,520
-	-	-	-	-	-
<u>(69,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(69,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,280	33,845	(30,754)	15,919	-	51,520
<u>105,674</u>	<u>162,439</u>	<u>31,971</u>	<u>57,820</u>	<u>-</u>	<u>-</u>
<u>\$ 117,954</u>	<u>\$ 196,284</u>	<u>\$ 1,217</u>	<u>\$ 73,739</u>	<u>\$ -</u>	<u>\$ 51,520</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2016

	Special Revenue Funds				
	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>	<u>JAG Grant 2013</u>	<u>JAG Grant 2014</u>	<u>JAG Grant 2015</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	-	84,604	210	66	23,396
Charges for services	-	-	-	-	-
Investment earnings	62	-	-	-	-
Miscellaneous	6,000	805	10	199	2,073
Total revenues	<u>6,062</u>	<u>85,409</u>	<u>220</u>	<u>265</u>	<u>25,469</u>
Expenditures					
Current:					
Public safety	2,062	-	220	265	25,469
Culture and recreation	-	-	-	-	-
Community development	-	36,504	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,062</u>	<u>36,504</u>	<u>220</u>	<u>265</u>	<u>25,469</u>
Excess (deficiency) of revenues over (under) expenditures	4,000	48,905	-	-	-
Other financing sources (uses)					
Revenue bond proceeds	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,000	48,905	-	-	-
Fund balances at beginning of year	<u>22,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 26,864</u>	<u>\$ 48,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						Total
HUD EDI Grant	Sunday Local Option Revenue Fund	TIF Revenue & Debt Service	TIF Construction Projects	Florence County Penny Tax II	Debt Service	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,675	\$ 467,675
-	-	-	-	3,713,512	-	3,851,187
92	101,000	327,954	-	-	-	1,603,937
-	-	-	-	-	-	155,677
-	159	1,467	28,671	-	1,210	37,143
<u>566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,209</u>
<u>658</u>	<u>101,159</u>	<u>329,421</u>	<u>28,671</u>	<u>3,713,512</u>	<u>468,885</u>	<u>6,226,828</u>
-	-	-	-	-	-	267,133
-	-	-	-	-	-	-
102	-	-	-	-	-	937,622
-	-	-	-	-	305,730	370,730
-	-	394,254	-	-	129,739	551,957
-	-	-	8,183,823	3,605,597	-	11,789,802
<u>102</u>	<u>-</u>	<u>394,254</u>	<u>8,183,823</u>	<u>3,605,597</u>	<u>435,469</u>	<u>13,917,244</u>
556	101,159	(64,833)	(8,155,152)	107,915	33,416	(7,690,416)
-	-	-	-	-	-	-
<u>(556)</u>	<u>(60,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>677,802</u>
<u>(556)</u>	<u>(60,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>677,802</u>
-	41,159	(64,833)	(7,155,152)	107,915	33,416	(7,012,614)
-	31,668	486,960	7,833,769	-	551,907	10,464,792
<u>\$ -</u>	<u>\$ 72,827</u>	<u>\$ 422,127</u>	<u>\$ 678,617</u>	<u>\$ 107,915</u>	<u>\$ 585,323</u>	<u>\$ 3,452,178</u>

**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

To account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public.

Water and Sewer Fund - This fund is used to account for transactions relating to the operations of the City water and sewer system.

Stormwater Utility Fund - This fund is used to account for transactions relating to the operations of the stormwater system.

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Proprietary Funds--Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Current use charges	\$ 32,653,000	\$ 32,574,000	\$ 32,588,762	\$ 14,762
Miscellaneous	805,000	850,000	1,054,032	204,032
Water and sewer tap fees	570,000	635,000	778,004	143,004
Total operating revenues	<u>34,028,000</u>	<u>34,059,000</u>	<u>34,420,798</u>	<u>361,798</u>
Operating Expenses				
Personnel	4,704,530	4,469,470	4,331,625	137,845
Employee benefits	1,834,070	1,776,030	1,871,369	(95,339)
Purchased services	6,176,980	7,348,270	4,917,476	2,430,794
Supplies and materials	1,347,270	1,327,500	1,349,222	(21,722)
Other operating expenses	1,094,850	1,306,230	1,684,102	(377,872)
Depreciation and amortization	7,121,600	7,466,100	7,642,924	(176,824)
Total operating expenses	<u>22,279,300</u>	<u>23,693,600</u>	<u>21,796,718</u>	<u>1,896,882</u>
Operating Income	<u>11,748,700</u>	<u>10,365,400</u>	<u>12,624,080</u>	<u>2,258,680</u>
Nonoperating Revenues (Expenses)				
Investment earnings	43,000	60,000	169,248	109,248
Economic development	(1,250,000)	(1,250,000)	(1,094,373)	155,627
Miscellaneous revenues	3,014,000	3,016,000	2,842,094	(173,906)
Loss on disposal of assets	-	-	(16,355)	(16,355)
Interest expense	-	-	(4,430,466)	(4,430,466)
Appropriation of net position	-	1,019,800	-	(1,019,800)
Total nonoperating revenues (expenses)	<u>1,807,000</u>	<u>2,845,800</u>	<u>(2,529,852)</u>	<u>(5,375,652)</u>
Income Before Transfers and Capital Contributions	13,555,700	13,211,200	10,094,228	(3,116,972)
Income Before Transfers	<u>13,555,700</u>	<u>13,211,200</u>	<u>10,094,228</u>	<u>(3,116,972)</u>
Transfers				
Transfers out	<u>(14,401,000)</u>	<u>(14,056,500)</u>	<u>(4,728,644)</u>	<u>9,327,856</u>
Changes in Net Position	(845,300)	(845,300)	5,365,584	6,210,884
Net position at beginning of year	<u>120,763,181</u>	<u>120,763,181</u>	<u>120,763,181</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 119,917,881</u>	<u>\$ 119,917,881</u>	<u>\$ 126,128,765</u>	<u>\$ 6,210,884</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Proprietary Funds--Stormwater Utility Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,286,000	\$ 1,286,000	\$ 1,303,982	\$ 17,982
Miscellaneous	2,000	2,000	20,446	18,446
Total operating revenues	<u>1,288,000</u>	<u>1,288,000</u>	<u>1,324,428</u>	<u>36,428</u>
Operating Expenses				
Personnel	325,000	340,140	335,289	4,851
Employee benefits	128,330	123,690	120,524	3,166
Purchased services	124,700	114,200	148,558	(34,358)
Supplies and materials	18,500	25,500	25,189	311
Other operating expenses	26,470	26,470	21,606	4,864
Depreciation and amortization	<u>852,000</u>	<u>855,500</u>	<u>550,843</u>	<u>304,657</u>
Total operating expenses	<u>1,475,000</u>	<u>1,485,500</u>	<u>1,202,009</u>	<u>283,491</u>
Operating Income	<u>(187,000)</u>	<u>(197,500)</u>	<u>122,419</u>	<u>319,919</u>
Nonoperating Revenues (Expenses)				
Investment earnings	7,000	7,000	6,893	(107)
Miscellaneous revenues	60,000	60,000	214,200	154,200
Interest expense	-	-	(49,721)	(49,721)
Total nonoperating revenues (expenses)	<u>67,000</u>	<u>67,000</u>	<u>171,372</u>	<u>104,372</u>
Income Before Transfers	(120,000)	(130,500)	293,791	424,291
Transfers In	<u>116,000</u>	<u>126,500</u>	<u>135,000</u>	<u>8,500</u>
Changes in Net Position	(4,000)	(4,000)	428,791	432,791
Net position at beginning of year	<u>2,490,038</u>	<u>2,490,038</u>	<u>2,490,038</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 2,486,038</u>	<u>\$ 2,486,038</u>	<u>\$ 2,918,829</u>	<u>\$ 432,791</u>

AGENCY FUNDS

To account for assets held as an agent for individuals and other governments.

Court Escrow - This fund is used to account for criminal and traffic fines being held on open court cases.

Fire Trust - This fund is used to account for collection of shared insurance premium rebates from the State of South Carolina and expenditures on behalf of City firefighters.

Veterans Park Development - This fund is used to account for funds received and expended for the development of monuments, other structural amenities, and related special events at the Veterans Park.

Narcotics Holding Funds - This fund is used to account for drug related funds seized inside the City on open court cases.

Florence Area Humane Society - This fund is used to account for donations made to the Humane Society received at the City's Animal Shelter.

City of Florence, South Carolina
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>	<u>Florence Area Humane Society</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 14,378	\$ 12,861	\$ 26,622	\$ 207,378	\$ 1,193	\$ 262,432
Investments	-	-	-	60,710	-	60,710
Accounts receivable	-	-	6,680	-	-	6,680
Total assets	<u>\$ 14,378</u>	<u>\$ 12,861</u>	<u>\$ 33,302</u>	<u>\$ 268,088</u>	<u>\$ 1,193</u>	<u>\$ 329,822</u>
LIABILITIES						
Due to others	<u>\$ 14,378</u>	<u>\$ 12,861</u>	<u>\$ 33,302</u>	<u>\$ 268,088</u>	<u>\$ 1,193</u>	<u>\$ 329,822</u>
Total liabilities	<u>\$ 14,378</u>	<u>\$ 12,861</u>	<u>\$ 33,302</u>	<u>\$ 268,088</u>	<u>\$ 1,193</u>	<u>\$ 329,822</u>

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	<u>Balance at</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2016</u>
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 15,618	\$ 12,352	\$ 13,592	\$ 14,378
Liabilities				
Due to others	\$ 15,618	\$ 12,352	\$ 13,592	\$ 14,378
<u>Fire Trust</u>				
Assets				
Cash and cash equivalents	\$ 106,446	\$ 117,501	\$ 211,086	\$ 12,861
Liabilities				
Due to others	\$ 106,446	\$ 117,501	\$ 211,086	\$ 12,861
<u>Veterans Park Development</u>				
Assets				
Cash and cash equivalents	\$ 19,540	\$ 30,195	\$ 23,113	\$ 26,622
Accounts receivable	-	6,680	-	6,680
	<u>\$ 19,540</u>	<u>\$ 36,875</u>	<u>\$ 23,113</u>	<u>\$ 33,302</u>
Liabilities				
Due to others	\$ 19,540	\$ 36,875	\$ 23,113	\$ 33,302
<u>Narcotics Holding Funds</u>				
Assets				
Cash and cash equivalents	\$ 165,436	\$ 101,549	\$ 59,607	\$ 207,378
Investments	60,376	334	-	60,710
	<u>\$ 225,812</u>	<u>\$ 101,883</u>	<u>\$ 59,607</u>	<u>\$ 268,088</u>
Liabilities				
Due to others	\$ 225,812	\$ 101,883	\$ 59,607	\$ 268,088
<u>Florence Area Humane Society</u>				
Assets				
Cash and cash equivalents	\$ 3,322	\$ 7,423	\$ 9,552	\$ 1,193
Liabilities				
Due to others	\$ 3,322	\$ 7,423	\$ 9,552	\$ 1,193
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 310,362	\$ 269,020	\$ 316,950	\$ 262,432
Investments	60,376	334	-	60,710
Accounts receivable	-	6,680	-	6,680
Total Assets	<u>\$ 370,738</u>	<u>\$ 276,034</u>	<u>\$ 316,950</u>	<u>\$ 329,822</u>
Liabilities				
Due to others	\$ 370,738	\$ 276,034	\$ 316,950	\$ 329,822
Total Liabilities	<u>\$ 370,738</u>	<u>\$ 276,034</u>	<u>\$ 316,950</u>	<u>\$ 329,822</u>

SUPPLEMENTAL SCHEDULES

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 3,300,000	\$ 3,900,000	\$ 3,902,579	\$ 2,579
Homestead exemption	277,000	268,000	268,343	343
Merchants inventory	299,600	299,600	299,603	3
Property tax credits	5,175,000	4,745,000	4,746,572	1,572
Penalties	6,600	6,500	9,623	3,123
PILOT - Housing Authority	116,000	114,000	120,372	6,372
Delinquent taxes	130,000	105,000	116,886	11,886
Total Property Taxes	<u>9,304,200</u>	<u>9,438,100</u>	<u>9,463,978</u>	<u>25,878</u>
Licenses and Fees				
Business and professional license	7,740,000	7,900,000	7,914,261	14,261
Franchise fees	3,680,000	3,490,000	3,526,156	36,156
Prior year business licenses	450,000	270,000	270,851	851
Total Licenses and Fees	<u>11,870,000</u>	<u>11,660,000</u>	<u>11,711,268</u>	<u>51,268</u>
Intergovernmental				
Community development	54,800	54,800	54,800	-
Sales tax revenue	1,000,000	1,237,000	1,440,220	203,220
State shared revenue	799,000	799,000	811,143	12,143
Governmental reimbursements	783,000	685,000	692,650	7,650
State A tax funds	56,000	57,000	58,808	1,808
Grants	203,500	245,500	249,361	3,861
FEMA reimbursements	-	15,000	26,936	11,936
Marketing and promotion	125,000	108,000	118,865	10,865
Total Intergovernmental	<u>3,021,300</u>	<u>3,201,300</u>	<u>3,452,783</u>	<u>251,483</u>
Charges for Services				
Refuse - landfill fee	1,550,000	1,525,000	1,546,379	21,379
Refuse - collection fee	325,000	324,500	326,083	1,583
Planning and zoning fees	21,000	19,000	22,089	3,089
Recreation fees	200,000	162,500	472,640	310,140
Total Charges for Services	<u>2,096,000</u>	<u>2,031,000</u>	<u>2,367,191</u>	<u>336,191</u>
Fines and Forfeitures				
Criminal fines	125,000	75,000	79,864	4,864
Traffic fines	500,000	380,000	458,073	78,073
Parking violations fines	5,000	5,000	5,390	390
Animal control fines	4,000	5,500	5,885	385
Livability court fines	1,000	-	-	-
Total Fines and Forfeitures	<u>635,000</u>	<u>465,500</u>	<u>549,212</u>	<u>83,712</u>

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES--CONTINUED				
Miscellaneous				
Investment income	22,000	32,000	41,512	9,512
Miscellaneous	225,000	228,000	327,743	99,743
Concessions	60,000	45,000	47,428	2,428
Total Miscellaneous	<u>307,000</u>	<u>305,000</u>	<u>416,683</u>	<u>111,683</u>
TOTAL REVENUES	<u>27,233,500</u>	<u>27,100,900</u>	<u>27,961,115</u>	<u>860,215</u>
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,440	110,440	109,174	1,266
Retirement	12,560	12,560	12,075	485
Health insurance	52,410	55,410	55,205	205
Workers' compensation	8,660	5,810	5,432	378
Social security	7,910	7,950	7,084	866
Printing and supplies	1,000	1,000	49	951
Office supplies	1,500	500	262	238
Postage	100	100	6	94
Membership and dues	19,000	22,600	22,400	200
Travel and conferences	31,000	31,000	18,324	12,676
Telephone related services	5,500	4,500	4,003	497
Professional services	25,000	28,000	27,787	213
Special departmental supplies	6,000	2,400	1,619	781
Total City Council	<u>284,080</u>	<u>282,270</u>	<u>263,420</u>	<u>18,850</u>
Justice and Law				
Salary and wages	435,340	349,380	342,459	6,921
Retirement	44,800	38,510	37,915	595
Health insurance	62,720	66,720	66,175	545
Workers' compensation	12,400	8,800	7,779	1,021
Social security	32,340	25,560	24,985	575
Printing and supplies	1,000	1,000	1,000	-
Postage	3,700	3,800	3,335	465
Membership and dues	1,200	1,200	900	300
Travel and conferences	7,500	7,500	5,793	1,707
Auto operating expenses	1,000	1,000	392	608
Telephone related services	2,500	4,000	3,108	892
Maintenance and service contracts	8,000	8,000	5,929	2,071
Gas and oil	6,200	5,200	5,200	-
Employee training	5,300	5,300	1,634	3,666
Professional services	2,000	4,000	3,723	277

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Justice and Law--continued				
Jury vouchers	5,000	5,000	4,340	660
Office supplies	6,000	6,000	4,783	1,217
Special departmental supplies	3,000	3,000	4,395	(1,395)
Capital outlay	-	4,100	-	4,100
Total Justice and Law	640,000	548,070	523,845	24,225
City Manager				
Salary and wages	267,780	263,180	261,328	1,852
Retirement	29,550	29,550	29,303	247
Health insurance	35,210	33,300	32,196	1,104
Workers' compensation	7,500	5,900	4,695	1,205
Social security	19,760	19,870	19,670	200
Printing and supplies	2,000	1,000	22	978
Postage	1,000	1,000	96	904
Membership and dues	2,000	2,000	320	1,680
Travel and conferences	2,000	4,500	3,909	591
Car allowance	6,000	6,000	6,000	-
Lease payments	-	2,100	2,100	-
Auto operating expenses	500	500	58	442
Telephone related services	4,900	8,300	8,209	91
Maintenance and service contracts	1,000	2,300	1,829	471
Employee training	4,000	1,000	-	1,000
Professional services	3,500	2,000	1,000	1,000
Office supplies	3,500	2,400	459	1,941
Special departmental supplies	2,500	2,500	19	2,481
Gas and oil	200	200	-	200
Total City Manager	392,900	387,600	371,213	16,387
Finance				
Salary and wages	521,070	525,630	523,606	2,024
Retirement	57,490	58,740	57,050	1,690
Health insurance	69,220	65,180	63,344	1,836
Workers' compensation	12,400	8,750	7,779	971
Social security	38,390	39,570	38,502	1,068
Printing and supplies	6,800	6,800	5,144	1,656
Postage	11,500	13,900	13,721	179
Membership and dues	2,500	2,500	2,413	87
Travel and conferences	2,500	4,700	4,671	29
Auto operating expenses	100	100	42	58
Telephone related services	7,500	8,000	7,278	722

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Finance--continued				
Maintenance and service contracts	11,500	10,000	8,918	1,082
Machine and equipment repairs	500	-	-	-
Public notices	850	850	655	195
Employee training	1,500	1,500	1,633	(133)
Professional services	3,000	2,700	1,605	1,095
Tax billing and collections	53,800	53,700	52,721	979
Office supplies	11,000	8,500	8,466	34
Special departmental supplies	200	400	326	74
Gas and oil	250	250	202	48
Total Finance	812,070	811,770	798,076	13,694
Personnel				
Salary and wages	317,070	324,190	323,854	336
Retirement	34,990	35,600	35,002	598
Health insurance	34,790	31,890	31,296	594
Workers' compensation	7,500	4,880	4,695	185
Social security	23,690	24,260	23,992	268
Printing and supplies	1,500	3,000	2,190	810
Postage	3,000	3,000	1,749	1,251
Membership and dues	1,500	1,500	564	936
Travel and conferences	2,500	2,500	1,926	574
Auto operating expenses	1,000	600	26	574
Telephone related services	3,000	3,400	3,387	13
Maintenance and service contracts	8,000	8,200	8,015	185
Public notices	16,000	22,750	24,386	(1,636)
Employee training	2,500	2,500	968	1,532
Professional services	49,000	43,950	43,498	452
Medical expenses	30,000	37,500	39,954	(2,454)
Office supplies	4,000	5,500	5,344	156
Special departmental supplies	-	50	47	3
Gas and oil	1,000	1,000	107	893
Total Personnel	541,040	556,270	551,000	5,270

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Community Service				
Salary and wages	202,060	189,430	187,414	2,016
Retirement	20,000	19,860	18,489	1,371
Health insurance	39,250	32,460	31,858	602
Workers' compensation	9,900	7,780	6,214	1,566
Social security	14,390	14,970	13,636	1,334
Printing and supplies	1,000	700	54	646
Postage	400	800	736	64
Membership and dues	1,000	2,500	2,020	480
Travel and conferences	1,500	1,800	1,662	138
Auto operating expenses	1,300	3,000	2,942	58
Telephone related services	3,500	4,600	4,438	162
Maintenance and service contracts	1,000	500	88	412
Public notices	1,000	1,800	1,540	260
Uniform and clothing	500	500	92	408
Employee training	1,000	1,000	151	849
Professional services	6,500	5,000	4,567	433
Office supplies	1,000	800	246	554
Special departmental supplies	1,500	1,500	796	704
Gas and oil	3,500	4,400	4,199	201
Capital outlay	-	28,000	-	28,000
Total Community Service	310,300	321,400	281,142	40,258
Urban Planning & Development				
Salary and wages	232,230	232,250	229,958	2,292
Retirement	25,630	25,410	25,052	358
Health insurance	34,390	30,430	30,160	270
Workers' compensation	5,150	4,060	3,222	838
Social security	17,400	17,450	17,009	441
Printing and supplies	1,000	3,500	3,114	386
Postage	1,000	1,500	1,392	108
Membership and dues	4,500	4,500	3,656	844
Travel and conferences	3,000	2,000	1,575	425
Auto operating expenses	1,000	1,000	147	853
Electricity	-	100	48	52
Telephone related services	2,900	3,300	3,372	(72)
Maintenance and service contracts	15,000	15,000	11,321	3,679
Maintenance and equipment repairs	500	500	-	500
Public notices	5,000	4,000	3,442	558
Uniform and clothing	500	500	-	500
Employee training	1,800	1,800	306	1,494
Professional services	5,000	15,000	14,415	585

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Urban Planning & Development--continued				
Office supplies	5,000	5,000	2,859	2,141
Special departmental supplies	500	6,700	6,609	91
Gas and oil	1,000	700	310	390
Total Urban Planning & Development	362,500	374,700	357,967	16,733
Total General Government	3,342,890	3,282,080	3,146,663	135,417
Public safety				
Police				
Salary and wages	6,161,350	5,636,060	5,543,804	92,256
Retirement	810,140	730,160	726,935	3,225
Health insurance	1,022,820	892,820	880,842	11,978
Workers' compensation	197,200	135,000	124,098	10,902
Social security	455,960	419,300	411,121	8,179
Printing and supplies	7,500	7,500	6,488	1,012
Postage	5,000	5,200	5,094	106
Membership and dues	2,100	2,300	2,170	130
Travel and conferences	3,300	4,300	3,490	810
Auto operating expenses	90,000	90,000	84,322	5,678
Electricity	19,000	19,000	17,199	1,801
Telephone related services	64,500	67,000	61,120	5,880
Cable and related services	4,900	4,900	3,968	932
Radio maintenance	5,000	5,000	4,844	156
Maintenance and service contracts	39,000	39,000	35,105	3,895
Maintenance and equipment repairs	6,500	6,500	5,522	978
Building and maintenance	1,000	1,000	200	800
Uniform and clothing	76,000	76,000	62,429	13,571
Prisoner housing	386,000	369,700	237,588	132,112
Inmate services	3,600	3,100	750	2,350
Rent payments	24,000	24,000	24,000	-
Employee training	14,000	28,000	24,030	3,970
Professional services	10,000	10,500	10,907	(407)
Pal expenses	5,000	5,000	4,095	905
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	62,000	61,500	146,153	(84,653)
Gas and oil	350,000	324,500	201,349	123,151
Water usage	4,500	5,500	4,890	610
Grant expenditures	10,000	10,000	9,923	77
Capital outlay	300,700	374,500	875,309	(500,809)
Total Police	10,142,070	9,358,340	9,517,745	(159,405)

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public safety--continued				
Fire				
Salary and wages	3,466,920	3,280,070	3,227,093	52,977
Retirement	467,330	448,680	436,203	12,477
Health insurance	580,980	580,980	567,442	13,538
Workers' compensation	106,670	81,830	67,067	14,763
Social security	248,070	244,730	234,794	9,936
Printing and supplies	1,000	1,000	771	229
Janitorial/sanitary supplies	12,000	12,000	11,051	949
Postage	150	150	82	68
Membership and dues	1,000	850	559	291
Travel and conferences	-	1,000	679	321
Auto operating expenses	40,000	43,000	42,745	255
Electricity	45,000	45,000	38,258	6,742
Telephone related services	28,500	31,000	30,250	750
Heating fuel	20,000	20,000	12,001	7,999
Fire prevention	13,000	10,000	5,932	4,068
Risk management	6,500	5,500	4,571	929
Radio maintenance	3,500	3,600	3,563	37
Maintenance and service contracts	28,000	27,400	26,650	750
Maintenance and equipment repairs	8,500	7,500	4,756	2,744
Building and maintenance	28,000	25,000	24,375	625
Uniform and clothing	35,000	31,000	26,805	4,195
Employee training	18,000	16,000	13,436	2,564
Professional services	8,500	4,500	2,797	1,703
Personal protective equipment	36,000	37,000	36,899	101
Special departmental supplies	38,000	38,000	38,795	(795)
Gas and oil	69,000	60,000	37,349	22,651
Water usage	17,000	17,000	16,089	911
Capital outlay	79,000	313,000	592,990	(279,990)
Total Fire	<u>5,405,620</u>	<u>5,385,790</u>	<u>5,504,002</u>	<u>(118,212)</u>
Total Public Safety	<u>15,547,690</u>	<u>14,744,130</u>	<u>15,021,747</u>	<u>(277,617)</u>

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works				
Streets and Beautification				
Salary and wages	1,484,800	1,380,590	1,361,137	19,453
Retirement	163,820	160,970	149,187	11,783
Health insurance	290,330	290,330	272,068	18,262
Workers' compensation	44,650	35,100	28,079	7,021
Social security	109,280	108,460	99,468	8,992
Printing and supplies	1,000	750	704	46
Office supplies	3,000	2,500	2,261	239
Janitorial supplies	12,000	14,400	12,622	1,778
Safety supplies	3,000	2,900	2,700	200
Postage	100	100	8	92
Membership and dues	500	500	30	470
Auto operating expenses	30,000	42,700	42,878	(178)
Electricity	35,000	29,100	28,984	116
Telephone related services	6,000	4,000	3,706	294
Heating fuel	500	500	348	152
Radio maintenance	2,000	1,800	1,757	43
Maintenance and service contracts	4,500	5,000	4,495	505
Maintenance and equipment repairs	35,000	49,750	49,199	551
Building and maintenance	13,500	12,300	22,320	(10,020)
Tree beautification	5,000	5,000	3,940	1,060
Sign shop supplies	8,000	12,000	11,794	206
Medical expenses	38,000	35,000	32,566	2,434
Uniform and clothing	22,000	22,550	19,666	2,884
Inmate services	30,000	30,250	30,495	(245)
Chemicals	4,000	3,000	2,956	44
Paving materials and supplies	9,000	7,500	7,240	260
Irrigation materials and supplies	4,000	500	397	103
Turf & landscape supplies	10,000	10,200	10,286	(86)
Employee training	1,000	1,000	471	529
Professional services	50,000	44,000	42,137	1,863
Special departmental supplies	20,000	31,200	38,188	(6,988)
Gas and oil	80,000	64,000	63,739	261
Water usage	13,000	13,400	13,363	37
Capital outlay	-	205,000	98,528	106,472
Total Streets and Beautification	2,532,980	2,626,350	2,457,717	168,633

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Sanitation				
Salary and wages	816,650	834,750	801,995	32,755
Retirement	90,100	91,610	86,956	4,654
Health insurance	171,660	171,660	163,368	8,292
Workers' compensation	33,510	26,340	21,082	5,258
Social security	59,580	61,660	58,629	3,031
Printing and supplies	200	400	295	105
Postage	100	200	108	92
Membership and dues	100	100	-	100
Auto operating expenses	100,000	196,500	207,829	(11,329)
Telephone related services	1,200	1,000	902	98
Radio maintenance	2,500	3,500	3,267	233
Maintenance and service contracts	15,000	9,000	5,552	3,448
Maintenance and equipment repairs	75,000	115,100	112,352	2,748
Landfill services	1,350,000	1,448,400	1,444,194	4,206
Uniform and clothing	11,500	12,800	11,130	1,670
Office supplies	200	200	-	200
Compost supplies	500	500	-	500
Safety supplies	500	3,100	1,840	1,260
Public notices	6,000	6,000	5,133	867
Employee training	100	100	47	53
Professional services	200	200	-	200
Special departmental supplies	7,000	11,000	12,441	(1,441)
Gas and oil	240,000	121,200	123,477	(2,277)
Capital outlay	316,500	345,000	660,522	(315,522)
Total Sanitation	3,298,100	3,460,320	3,721,119	(260,799)
Equipment Maintenance				
Salary and wages	303,970	264,490	261,034	3,456
Retirement	33,550	28,400	27,857	543
Health insurance	66,280	44,160	41,804	2,356
Workers' compensation	8,240	6,480	5,201	1,279
Social security	21,950	19,370	18,784	586
Auto operating expenses	1,500	3,500	3,290	210
Telephone related services	500	400	236	164
Heating fuel	5,000	3,700	2,790	910
Radio maintenance	500	100	-	100
Maintenance and service contracts	4,000	3,500	1,710	1,790
Maintenance and equipment repairs	500	200	87	113
Uniform and clothing	4,500	4,500	3,938	562
Office supplies	100	100	-	100
Janitorial supplies	200	200	-	200

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Equipment Maintenance--continued				
Safety supplies	300	200	39	161
Employee training	300	200	94	106
Professional services	500	100	-	100
Special departmental supplies	5,000	6,700	10,130	(3,430)
Gas and oil	5,000	5,900	5,859	41
Capital outlay	-	73,200	-	73,200
Total Equipment Maintenance	461,890	465,400	382,853	82,547
Total Public Works	6,292,970	6,552,070	6,561,689	(9,619)
Culture and recreation				
Parks and Leisure Services				
Salary and wages	667,580	688,650	648,592	40,058
Retirement	62,630	68,200	68,066	134
Health insurance	103,040	103,040	95,071	7,969
Workers' compensation	45,900	36,090	28,861	7,229
Social security	49,510	51,370	47,457	3,913
Printing and supplies	2,000	3,300	2,479	821
Postage	500	600	531	69
Membership and dues	1,500	1,500	1,425	75
Travel and conferences	3,500	3,500	1,519	1,981
Auto operating expenses	9,000	14,600	11,280	3,320
Electricity	77,000	77,000	69,345	7,655
Telephone related services	12,000	12,000	13,151	(1,151)
Cable and related services	1,500	2,000	1,453	547
Radio maintenance	500	300	170	130
Maintenance and service contracts	12,000	11,200	6,239	4,961
Maintenance and equipment repairs	1,500	3,000	2,507	493
Building maintenance	16,000	15,500	11,542	3,958
Facility and park maintenance	4,000	4,000	1,178	2,822
Tree beautification	2,000	1,000	-	1,000
Uniforms and clothing	6,000	6,000	4,472	1,528
Office supplies	3,000	3,000	2,899	101
Safety supplies	500	500	499	1
Janitorial services and supplies	7,000	7,000	7,000	-
Athletic field supplies	3,000	3,000	2,027	973
Irrigation supplies	500	500	29	471
Inmate services	500	500	-	500
Food and supplies	3,500	3,500	2,412	1,088

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Parks and Leisure Services--continued				
Employee training	2,000	2,000	1,830	170
Professional services	1,000	1,000	703	297
Contracted instructors	6,000	6,000	5,550	450
Special departmental supplies	20,000	19,500	18,906	594
Gas and oil	30,000	24,400	21,364	3,036
Water usage	21,000	21,000	18,710	2,290
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	1,298	702
Grant expenditures	12,000	11,650	12,048	(398)
Capital outlay	6,000	152,850	47,398	105,452
Total Parks and Leisure Services	1,216,660	1,382,250	1,179,011	203,239
Athletic Programs				
Salary and wages	509,480	543,720	510,343	33,377
Retirement	36,750	46,270	45,747	523
Health insurance	57,650	57,720	53,212	4,508
Workers' compensation	76,910	60,450	48,378	12,072
Social security	36,450	39,060	38,395	665
Printing and supplies	500	300	218	82
Postage	200	230	201	29
Membership and dues	1,000	1,000	971	29
Travel and conferences	1,500	1,500	1,492	8
Auto operating expenses	5,000	4,300	2,550	1,750
Electricity	130,000	131,000	130,678	322
Telephone related services	4,800	6,000	5,793	207
Cable and related services	2,000	2,300	2,225	75
Maintenance and service contracts	21,500	21,800	19,929	1,871
Maintenance and equipment repairs	6,000	6,200	5,367	833
Radio repairs and maintenance	1,000	-	-	-
Building maintenance	2,000	2,000	2,000	-
Facility and park maintenance	25,000	23,500	23,268	232
Tree beautification	5,000	2,000	1,704	296
Uniforms and clothing	7,000	7,000	6,059	941
Inmate services	18,000	18,000	18,375	(375)
Office supplies	1,000	1,000	924	76
Safety supplies	500	500	127	373
Janitorial services and supplies	10,000	9,000	8,975	25
Athletic field supplies	6,000	4,500	4,500	-
Food and supplies	40,000	40,000	36,928	3,072
Employee training	1,500	1,500	1,500	-

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs--continued				
Professional services	4,000	3,370	2,558	812
Special departmental supplies	4,500	3,000	2,915	85
Irrigation parts and supplies	6,500	5,500	5,669	(169)
Pro shop supplies	12,000	12,000	11,817	183
Stadium commission	5,100	5,100	5,100	-
Athletic expenses	5,000	14,000	13,678	322
Gymnastic expenses	7,000	7,000	7,000	-
Tennis center expenses	11,000	11,000	10,784	216
Freedom Florence expenses	11,000	9,000	8,999	1
Gas and oil	8,000	8,000	6,131	1,869
Water usage	44,000	56,000	51,959	4,041
Marketing and promotion	150,000	205,000	84,263	120,737
Tournaments	5,000	4,000	3,830	170
Capital outlay	-	290,100	-	290,100
Total Athletic Programs	1,279,840	1,663,920	1,184,562	479,358
Total Culture and Recreation	2,496,500	3,046,170	2,363,573	682,597
Non-Departmental				
Employee relations	40,000	46,500	45,088	1,412
Unemployment compensation	3,000	5,200	9,118	(3,918)
OPEB expense	499,650	499,650	499,650	-
Employee assistance	-	-	22,970	(22,970)
Property and liability insurance	430,000	400,000	398,863	1,137
Small claims	40,000	130,000	129,620	380
Employee W/C small claims	60,000	101,000	100,861	139
Bank charges	31,000	35,000	31,998	3,002
Credit card fees	7,500	22,000	21,520	480
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	165,000	267,000	179,750	87,250
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
PDCAP boxing program	10,000	10,000	10,000	-
Weed & seed program	50,000	50,000	50,000	-
Neighborhood redevelopment	114,800	1,046,400	457,353	589,047
Art Trail Gallery	-	600,000	1,500	598,500
Cheves/Irby St parking deck expense	-	100	18	82
Contingency	100,000	254,700	-	254,700
Street lights	795,000	790,000	773,925	16,075
Rail to trail project	-	10,300	608	9,692
Blue trail project	-	43,000	41,312	1,688
Ivanhoe Dr resurfacing	-	17,500	17,177	323

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Non-Departmental--continued				
Hunter St resurfacing	192,000	187,000	159,183	27,817
McLeod Park Improvements	-	1,600	1,565	35
Historical preservation - cemetery	-	3,000	2,827	173
Management software expenditures	39,000	81,500	80,969	531
Health services	31,000	31,000	28,399	2,601
Fire district tax reimbursement	30,000	45,000	37,805	7,195
IT Support Services	222,000	236,000	216,949	19,051
Legal services	70,000	79,000	77,429	1,571
Downtown revitalization	-	-	69,450	(69,450)
Incubator project	-	-	7,350	(7,350)
Special projects	50,000	52,000	46,094	5,906
Other recreation programs	-	-	317,885	(317,885)
Downtown promotions	25,000	25,000	-	25,000
Mayor's coalition expenses	-	-	750	(750)
FMU Health Sciences Bldg	1,000,000	1,000,000	1,000,000	-
City Center operations	-	411,000	705,497	(294,497)
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>4,039,950</u>	<u>6,515,450</u>	<u>5,578,483</u>	<u>936,967</u>
Debt Service				
Principal	400,000	958,400	748,902	209,498
Interest	-	-	93,761	(93,761)
Total Debt Service	<u>400,000</u>	<u>958,400</u>	<u>842,663</u>	<u>115,737</u>
TOTAL EXPENDITURES	<u>32,120,000</u>	<u>35,098,300</u>	<u>33,514,818</u>	<u>1,583,482</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,886,500)</u>	<u>(7,997,400)</u>	<u>(5,553,703)</u>	<u>2,443,697</u>
Other Financing Sources (Uses)				
Capital leases	-	-	1,886,085	1,886,085
Proceeds from sale of property	-	777,000	777,040	40
Proceeds from insurance settlements	150,000	246,900	246,904	4
Transfers in	4,736,500	4,605,500	4,985,842	380,342
Appropriation of fund balance	-	2,368,000	-	(2,368,000)
Total Other Financing Sources (Uses)	<u>4,886,500</u>	<u>7,997,400</u>	<u>7,895,871</u>	<u>(101,529)</u>

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGES IN FUND BALANCE	-	-	2,342,168	2,342,168
Fund balance at beginning of year	<u>12,684,412</u>	<u>12,684,412</u>	<u>12,684,412</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 12,684,412</u>	<u>\$ 12,684,412</u>	<u>\$ 15,026,580</u>	<u>\$ 2,342,168</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 15,942,000	\$ 15,670,000	\$ 15,675,883	\$ 5,883
Sewer service fees	16,506,000	16,745,000	16,895,180	150,180
Sewer surcharge	20,000	15,000	17,698	2,698
Cut on fees	185,000	144,000	151,209	7,209
Water tap fees	405,000	465,000	578,148	113,148
Sewer tap fees	165,000	170,000	199,857	29,857
Service charges	240,000	240,000	243,994	3,994
Late fees	440,000	425,000	427,652	2,652
Miscellaneous	125,000	185,000	231,177	46,177
Total Operating Revenues	<u>34,028,000</u>	<u>34,059,000</u>	<u>34,420,798</u>	<u>361,798</u>
Operating Expenses				
Engineering				
Salary and wages	697,410	677,330	640,598	36,732
Retirement	77,010	76,350	67,615	8,735
Health insurance	86,290	86,290	80,345	5,945
Workers' compensation	13,650	10,730	8,562	2,168
Social security	49,590	49,690	43,304	6,386
Printing and supplies	7,000	7,000	3,064	3,936
Postage	300	300	1	299
Membership and dues	1,000	1,250	1,040	210
Auto operating expenses	3,500	3,500	2,415	1,085
Electricity	25,000	25,000	23,321	1,679
Travel and conferences	1,500	1,500	777	723
Telephone related services	11,000	11,000	10,717	283
Radio maintenance	500	500	-	500
Maintenance and service contracts	50,000	50,000	45,049	4,951
Building maintenance	5,000	5,000	122	4,878
Uniforms and clothing	3,000	3,000	1,320	1,680
Public notices	200	200	-	200
Employee training	2,000	2,800	2,745	55
Professional services	105,000	100,450	46,685	53,765
Special departmental supplies	8,000	11,500	18,692	(7,192)
Gas and oil	13,500	13,500	6,410	7,090
Other equipment	25,000	25,000	-	25,000
Total Engineering	<u>1,185,450</u>	<u>1,161,890</u>	<u>1,002,782</u>	<u>159,108</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Utility Finance				
Salary and wages	864,180	837,910	826,894	11,016
Retirement	95,360	92,680	90,504	2,176
Health insurance	152,520	152,520	144,340	8,180
Workers' compensation	32,300	25,390	20,300	5,090
Social security	64,310	62,840	61,018	1,822
Printing and supplies	4,000	4,300	3,289	1,011
Office supplies	20,000	19,500	19,294	206
Postage	4,800	4,300	4,052	248
Membership and dues	1,800	1,050	510	540
Travel and conferences	2,000	500	367	133
Auto operating expenses	10,000	11,900	11,158	742
Radio maintenance	500	-	-	-
Other maintenance and repairs	3,500	3,500	3,202	298
Telephone related services	5,800	12,100	10,832	1,268
Maintenance and service contracts	26,000	22,000	17,259	4,741
Employee training	1,750	1,750	1,159	591
Professional services	-	9,900	9,811	89
Utility billing	204,000	196,000	191,436	4,564
Special departmental supplies	10,500	10,850	28,473	(17,623)
Meters, parts and supplies	200,000	235,100	261,086	(25,986)
Uniforms and clothing	6,000	5,250	4,939	311
Gas and oil	40,000	26,400	25,541	859
Building and fixed equipment	4,000	3,250	-	3,250
Other equipment	2,000	1,000	-	1,000
Total Utility Finance	<u>1,755,320</u>	<u>1,739,990</u>	<u>1,735,464</u>	<u>4,526</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Wastewater Treatment				
Salary and wages	1,226,310	1,087,440	1,057,809	29,631
Retirement	135,380	131,910	114,317	17,593
Health insurance	209,710	209,710	194,024	15,686
Workers' compensation	36,000	28,310	22,647	5,663
Social security	89,810	88,730	76,748	11,982
Printing and supplies	1,400	4,400	4,249	151
Postage	1,200	2,550	2,380	170
Membership and dues	7,200	9,330	9,208	122
Travel and conferences	-	100	55	45
Auto operating expenses	10,000	15,000	13,419	1,581
Electricity	925,000	1,116,820	1,110,828	5,992
Heating fuel	15,000	12,440	12,062	378
Telephone related services	9,000	9,000	8,728	272
Radio maintenance	500	560	480	80
Maintenance and service contracts	70,000	54,000	50,085	3,915
Machine and equipment repairs	315,000	396,890	480,285	(83,395)
Building maintenance	5,000	25,000	13,313	11,687
Landfill services	300,000	265,180	276,758	(11,578)
Uniforms and clothing	14,000	16,000	14,505	1,495
Chemicals	160,000	188,650	187,004	1,646
Lab supplies	34,000	31,170	28,628	2,542
Employee training	4,000	6,750	5,693	1,057
Professional services	35,000	135,650	240,918	(105,268)
Special departmental supplies	67,000	77,000	81,693	(4,693)
Gas and oil	70,000	36,700	34,970	1,730
Water usage	28,000	14,000	11,080	2,920
Upgrade and painting	293,000	585,700	-	585,700
Total Wastewater Treatment	4,061,510	4,548,990	4,051,886	497,104

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Water Production - Surface Water				
Salary and wages	365,440	343,830	333,557	10,273
Retirement	40,330	37,720	36,075	1,645
Health insurance	58,150	49,030	46,488	2,542
Workers' compensation	11,160	8,780	6,997	1,783
Social security	26,940	25,380	24,732	648
Printing and supplies	1,200	2,550	978	1,572
Postage	100	210	187	23
Membership and dues	650	850	845	5
Auto operating expenses	2,000	3,900	2,950	950
Electricity	310,000	298,480	298,473	7
Telephone related services	5,000	5,500	5,362	138
Heating fuel	20,000	16,000	15,669	331
Radio maintenance	500	500	477	23
Maintenance and service contracts	3,500	300	121	179
Machine and equipment repairs	43,000	63,950	125,272	(61,322)
Building maintenance	26,000	25,200	23,457	1,743
Uniform and clothing	4,700	4,700	4,291	409
Chemicals	277,000	294,950	292,609	2,341
Lab supplies	45,000	56,000	55,952	48
Employee training	1,000	1,000	961	39
Professional services	13,000	14,000	47,092	(33,092)
Special departmental supplies	20,000	15,390	13,548	1,842
Gas and oil	6,600	4,000	3,772	228
Water usage	1,800	1,500	1,152	348
Upgrade and painting	450,000	762,800	-	762,800
Total Water Production - Surface Water	1,733,070	2,036,520	1,341,017	695,503

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Water Production - Ground Water				
Salary and wages	277,130	255,550	240,863	14,687
Retirement	30,590	28,200	26,168	2,032
Health insurance	60,930	59,900	50,450	9,450
Workers' compensation	9,910	7,790	6,214	1,576
Social security	20,020	19,100	17,370	1,730
Printing and supplies	300	-	-	-
Postage	170	50	10	40
Membership and dues	600	50	50	-
Auto operating expenses	3,500	6,500	5,895	605
Electricity	798,000	703,420	701,778	1,642
Telephone related services	40,000	44,500	43,511	989
Heating fuel	200	260	252	8
Radio maintenance	400	-	-	-
Machine and equipment repairs	63,000	48,000	94,256	(46,256)
Building maintenance	3,000	3,000	1,319	1,681
Uniform and clothing	3,000	3,300	3,111	189
Chemicals	140,000	113,550	110,060	3,490
Lab supplies	14,500	12,500	10,073	2,427
Employee training	1,000	4,100	3,633	467
Professional services	60,000	60,000	101,584	(41,584)
Well repairs	89,500	99,700	72,010	27,690
Special departmental supplies	5,500	12,000	10,922	1,078
Gas and oil	35,000	19,000	15,994	3,006
Water usage	8,500	7,800	7,204	596
Upgrade and painting	140,000	237,320	-	237,320
Total Water Production - Ground Water	1,804,750	1,745,590	1,522,727	222,863

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Distribution Operations				
Salary and wages	677,450	675,700	655,979	19,721
Retirement	74,760	74,740	71,795	2,945
Health insurance	146,430	146,430	128,640	17,790
Workers' compensation	26,030	20,460	16,387	4,073
Social security	49,170	50,360	47,802	2,558
Printing and supplies	4,000	7,500	6,735	765
Postage	150	150	18	132
Membership and dues	300	300	145	155
Auto operating expenses	20,000	20,000	20,485	(485)
Electricity	15,000	11,250	7,776	3,474
Telephone related services	6,000	9,750	6,509	3,241
Heating fuel	10,000	5,000	2,790	2,210
Radio maintenance	500	700	284	416
Maintenance and service contracts	4,500	9,500	6,515	2,985
Maintenance and equipment repairs	17,500	25,520	24,443	1,077
Building maintenance	12,000	15,000	14,233	767
Uniform and clothing	13,000	13,000	9,411	3,589
Meters, parts and supplies	175,000	115,000	134,673	(19,673)
Pipe fittings and hydrants	210,000	250,000	250,901	(901)
Paving materials and supplies	7,200	7,200	4,041	3,159
Employee training	1,000	1,000	912	88
Professional services	14,000	12,600	(2,775)	15,375
Special departmental supplies	22,500	22,480	14,896	7,584
Gas and oil	80,000	49,500	48,409	1,091
Water usage	9,500	9,900	9,864	36
Machines and equipment	-	20,000	-	20,000
Total Distribution Operations	<u>1,595,990</u>	<u>1,573,040</u>	<u>1,480,868</u>	<u>92,172</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Collection Operations				
Salary and wages	596,610	591,710	575,925	15,785
Retirement	65,830	65,450	63,050	2,400
Health insurance	111,440	111,440	103,061	8,379
Workers' compensation	16,550	12,010	10,403	1,607
Social security	43,900	44,090	42,010	2,080
Printing and supplies	700	700	-	700
Postage	50	50	2	48
Membership and dues	500	500	75	425
Travel and conferences	300	300	-	300
Auto operating expenses	21,000	46,000	47,071	(1,071)
Telephone related services	1,600	1,600	965	635
Radio maintenance	500	500	40	460
Maintenance and equipment repairs	28,000	38,000	33,490	4,510
Uniform and clothing	8,200	9,700	7,084	2,616
Pipe fittings and hydrants	76,000	144,000	151,478	(7,478)
Paving materials and supplies	45,000	40,000	43,050	(3,050)
Employee training	1,000	1,000	987	13
Professional services	200	200	-	200
Special departmental supplies	20,000	20,000	14,837	5,163
Gas and oil	68,000	38,000	28,830	9,170
Machines and equipment	5,000	5,000	-	5,000
Total Collection Operations	1,110,380	1,170,250	1,122,358	47,892
Non-Departmental				
Depreciation and amortization	7,121,600	7,466,100	7,642,924	(176,824)
Bank charges	122,000	122,000	119,922	2,078
Credit card fees	115,000	138,000	135,014	2,986
Employee relations	27,000	33,000	31,029	1,971
Unemployment compensation	2,000	4,000	2,222	1,778
Other post employment benefits	153,230	153,230	153,230	-
GASB 68 pension expense	-	-	63,526	(63,526)
Property and liability insurance	250,000	235,000	229,229	5,771
Small claims	65,000	64,000	65,756	(1,756)
Employee W/C small claims	7,000	13,000	11,130	1,870
Legal services	70,000	79,000	77,429	1,571
City Center operations	315,000	347,000	346,691	309
Contingency	285,000	397,500	-	397,500

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Non-Departmental--continued				
IT support services	222,000	222,000	213,613	8,387
IT upgrade	-	13,000	2,776	10,224
Management system software	82,000	164,500	141,830	22,670
Health services	31,000	31,000	28,399	2,601
Special projects	165,000	235,000	274,896	(39,896)
Total Non-Departmental	<u>9,032,830</u>	<u>9,717,330</u>	<u>9,539,616</u>	<u>177,714</u>
TOTAL OPERATING EXPENSES	<u>22,279,300</u>	<u>23,693,600</u>	<u>21,796,718</u>	<u>1,896,882</u>
OPERATING INCOME	<u>11,748,700</u>	<u>10,365,400</u>	<u>12,624,080</u>	<u>2,258,680</u>
Non-Operating Revenues (Expenses)				
Investment earnings	43,000	60,000	169,248	109,248
Economic development	(1,250,000)	(1,250,000)	(1,094,373)	155,627
Miscellaneous revenues	3,014,000	3,016,000	2,842,094	(173,906)
Loss on disposal of assets	-	-	(16,355)	(16,355)
Interest expense	-	-	(4,430,466)	(4,430,466)
Appropriation of net position	-	1,019,800	-	(1,019,800)
Total Non-Operating (Expenses)	<u>1,807,000</u>	<u>2,845,800</u>	<u>(2,529,852)</u>	<u>(5,375,652)</u>
INCOME BEFORE TRANSFERS	13,555,700	13,211,200	10,094,228	(3,116,972)
TRANSFERS OUT	<u>(14,401,000)</u>	<u>(14,056,500)</u>	<u>(4,728,644)</u>	<u>9,327,856</u>
CHANGES IN NET POSITION	<u>(845,300)</u>	<u>(845,300)</u>	<u>5,365,584</u>	<u>6,210,884</u>
Net position at beginning of year	<u>120,763,181</u>	<u>120,763,181</u>	<u>120,763,181</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 119,917,881</u>	<u>\$ 119,917,881</u>	<u>\$ 126,128,765</u>	<u>\$ 6,210,884</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Proprietary Fund - Stormwater Utility Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,286,000	\$ 1,286,000	\$ 1,303,982	\$ 17,982
Miscellaneous	2,000	2,000	20,446	18,446
Total Operating Revenues	<u>1,288,000</u>	<u>1,288,000</u>	<u>1,324,428</u>	<u>36,428</u>
Operating Expenses				
Salary and wages	325,000	340,140	335,289	4,851
Retirement	35,820	37,060	36,936	124
Health insurance	58,680	53,680	52,520	1,160
Workers' compensation	9,900	7,830	6,214	1,616
Social security	23,930	25,120	24,854	266
Printing and supplies	500	500	-	500
Membership and dues	1,500	1,500	335	1,165
Postage	200	200	-	200
Travel and conferences	500	500	-	500
Auto operating expenses	12,000	19,000	18,382	618
Electricity	5,000	4,000	3,334	666
Telephone related services	1,500	1,500	1,040	460
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	18,500	28,500	26,076	2,424
Uniforms and clothing	5,000	3,000	2,710	290
Pipe fittings and hydrants	10,000	15,000	12,304	2,696
Employee training	1,500	1,500	960	540
Professional services	38,000	25,500	61,095	(35,595)
Special departmental supplies	8,000	10,000	12,884	(2,884)
Gas and oil	40,000	28,000	26,925	1,075
Depreciation	852,000	855,500	550,843	304,657
Bank charges	3,400	3,400	3,400	-
Employee relations	1,000	1,000	665	335
Unemployment compensation	250	250	44	206
Property and liability insurance	8,500	8,500	7,701	799
Other post employment benefits	13,320	13,320	13,320	-
GASB 68 pension expense	-	-	4,178	(4,178)
Small claims	500	500	-	500
TOTAL OPERATING EXPENSES	<u>1,475,000</u>	<u>1,485,500</u>	<u>1,202,009</u>	<u>283,491</u>
OPERATING INCOME (LOSS)	<u>(187,000)</u>	<u>(197,500)</u>	<u>122,419</u>	<u>319,919</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Stormwater Utility Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	7,000	7,000	6,893	(107)
Miscellaneous revenues	60,000	60,000	214,200	154,200
Interest expense	<u>-</u>	<u>-</u>	<u>(49,721)</u>	<u>(49,721)</u>
Total Non-Operating Revenues (Expenses)	<u>67,000</u>	<u>67,000</u>	<u>171,372</u>	<u>104,372</u>
INCOME (LOSS) BEFORE TRANSFERS	(120,000)	(130,500)	293,791	424,291
TRANSFERS IN	<u>116,000</u>	<u>126,500</u>	<u>135,000</u>	<u>8,500</u>
CHANGES IN NET POSITION	(4,000)	(4,000)	428,791	432,791
Net position at beginning of year	<u>2,490,038</u>	<u>2,490,038</u>	<u>2,490,038</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 2,486,038</u>	<u>\$ 2,486,038</u>	<u>\$ 2,918,829</u>	<u>\$ 432,791</u>

City of Florence, South Carolina
Schedule of Fines, Assessments and Surcharges
Special Revenue Fund - Victims Services Fund
Year Ended June 30, 2016

Court fines	
Court fines collected	\$ 536,204
Court fines retained by City	<u>(536,204)</u>
Court fines remitted to the State Treasurer	<u>\$ -</u>
Court Assessments, Surcharges and Pullout	
Court assessments collected	\$ 510,632
Court surcharges collected	187,605
Court pullout collected	19,916
Court assessments, surcharges and pullout retained by City	<u>(81,108)</u>
Court assessments, surcharges and pullout remitted to the State Treasurer	<u>\$ 637,045</u>
Victims Services	
Court assessments allocated to Victims Services	\$ 64,320
Court surcharges allocated to Victims Services	16,801
Investment income	<u>301</u>
Funds allocated to Victims Services	81,422
Victims Services expenditures	<u>(69,142)</u>
Funds provided in the current year	12,280
Funds available for carryforward from prior year	<u>105,674</u>
Funds available for carryforward at end of year	<u>\$ 117,954</u>

STATISTICAL SECTION

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<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146
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<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the city provides and the activities it performs.	156

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 01

CITY OF FLORENCE, SOUTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 20,703,754	\$ 21,001,938	\$ 17,499,606	\$ 13,871,015	\$ 17,158,331	\$ 19,429,425	\$ 20,692,434	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102
Restricted	167,439	20,000	30,000	30,000	5,029,732	1,279,834	2,815,762	2,213,701	2,074,462	2,351,821
Unrestricted	9,853,296	11,745,471	10,298,441	14,544,052	8,484,126	8,596,543	8,804,690	9,331,143	(13,305,020)	(12,331,352)
Total governmental activities net assets	\$ 30,724,489	\$ 32,767,409	\$ 27,828,047	\$ 28,445,067	\$ 30,672,189	\$ 29,305,802	\$ 32,312,886	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571
Business-type activities										
Invested in capital assets, net of related debt	\$ 54,491,789	\$ 55,854,407	\$ 63,684,875	\$ 63,713,249	\$ 79,843,049	\$ 82,021,447	\$ 89,407,316	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266
Restricted	280,988	-	2,473,850	5,075,799	6,323,412	4,899,688	4,794,542	4,704,434	10,180,548	9,760,388
Unrestricted	16,365,953	22,494,732	17,791,955	23,762,825	16,707,215	25,586,627	27,718,326	35,629,092	24,556,756	29,552,940
Total business-type activities net assets	\$ 71,138,730	\$ 78,349,139	\$ 83,950,680	\$ 92,551,873	\$ 102,873,676	\$ 112,507,762	\$ 121,920,184	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594
Primary government totals										
Invested in capital assets net of related debt	\$ 75,195,543	\$ 76,856,345	\$ 81,184,481	\$ 77,584,264	\$ 97,001,380	\$ 101,450,872	\$ 110,099,750	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368
Restricted	448,427	20,000	2,503,850	5,105,799	11,353,144	6,179,522	7,610,304	6,918,135	12,255,010	12,112,209
Unrestricted	26,219,249	34,240,203	28,090,396	38,306,877	25,191,341	34,183,170	36,523,016	44,960,235	11,251,736	17,221,588
Total primary government net assets	\$ 101,863,219	\$ 111,116,548	\$ 111,778,727	\$ 120,996,940	\$ 133,545,865	\$ 141,813,564	\$ 154,233,070	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165

Table 02

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 5,988,907	\$ 7,903,075	\$ 8,068,970	\$ 7,307,747	\$ 6,910,887	\$ 6,884,773	\$ 6,224,892	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736
Public safety	12,365,574	12,733,887	13,323,884	13,409,835	14,139,828	15,342,743	14,258,623	14,418,964	14,941,776	14,544,967
Public works	4,451,755	4,579,662	4,933,597	5,172,572	4,868,876	5,527,026	5,789,957	6,893,527	6,875,207	6,646,686
Culture and recreation	7,588,055	4,407,663	6,765,323	4,318,364	4,030,009	5,223,822	4,939,601	4,767,511	4,967,947	4,954,024
Community development	477,068	216,096	328,207	1,697,060	502,885	1,097,686	730,670	1,235,708	777,787	937,622
Interest on debt	165,107	147,403	273,148	365,197	525,463	672,883	428,682	462,255	1,005,236	1,030,379
Total governmental activities expenses	<u>31,036,466</u>	<u>29,987,786</u>	<u>33,693,129</u>	<u>32,270,775</u>	<u>30,977,948</u>	<u>34,748,933</u>	<u>32,372,425</u>	<u>35,225,974</u>	<u>37,444,921</u>	<u>36,758,414</u>
Business-type activities:										
Water & Sewer	17,674,784	18,350,029	20,480,653	19,267,013	17,974,450	18,376,996	18,926,059	20,005,585	30,064,373	24,495,818
Stormwater	1,050,567	1,074,366	1,070,200	1,159,819	1,210,596	1,295,628	1,197,054	1,309,421	1,265,095	1,037,530
Total business-type activities expenses	<u>18,725,351</u>	<u>19,424,395</u>	<u>21,550,853</u>	<u>20,426,832</u>	<u>19,185,046</u>	<u>19,672,624</u>	<u>20,123,113</u>	<u>21,315,006</u>	<u>31,329,468</u>	<u>25,533,348</u>
Total primary government expenses	<u>\$ 49,761,817</u>	<u>\$ 49,412,181</u>	<u>\$ 55,243,982</u>	<u>\$ 52,697,607</u>	<u>\$ 50,162,994</u>	<u>\$ 54,421,557</u>	<u>\$ 52,495,538</u>	<u>\$ 56,540,980</u>	<u>\$ 68,774,389</u>	<u>\$ 62,291,762</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 11,305,059	\$ 13,490,219	\$ 13,759,832	\$ 14,532,169	\$ 13,867,188	\$ 13,786,297	\$ 15,030,057	\$ 15,232,023	\$ 15,749,432	\$ 15,884,921
Operating grants and contributions	2,655,129	2,761,350	1,552,503	3,313,840	4,073,237	2,971,633	2,362,524	1,611,072	2,475,584	2,248,462
Capital grants and contributions	723,680	697,194	736,431	285,763	51,000	356,500	111,430	-	4,799,532	189,356
Total governmental activities program revenues	<u>14,683,868</u>	<u>16,948,763</u>	<u>16,048,766</u>	<u>18,131,772</u>	<u>17,991,425</u>	<u>17,114,430</u>	<u>17,504,011</u>	<u>16,843,095</u>	<u>23,024,548</u>	<u>18,322,739</u>
Business-type activities:										
Charges for services:										
Water & Sewer	22,679,541	26,030,858	25,476,228	27,616,193	28,554,598	29,557,415	29,988,906	31,256,440	32,457,737	33,366,766
Stormwater	1,124,063	1,213,130	1,219,444	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982
Operating grants and contributions	-	-	-	-	-	-	119,553	-	-	-
Capital grants and contributions	228,060	257,666	814,663	574,568	741,858	-	82,545	226,298	366,838	-
Total business-type activities revenues	<u>24,031,664</u>	<u>27,501,654</u>	<u>27,510,335</u>	<u>29,424,764</u>	<u>30,544,339</u>	<u>30,810,314</u>	<u>31,462,506</u>	<u>32,755,595</u>	<u>34,105,062</u>	<u>34,670,748</u>
Total primary government revenues	<u>38,715,532</u>	<u>44,450,417</u>	<u>43,559,101</u>	<u>47,556,536</u>	<u>48,535,764</u>	<u>47,924,744</u>	<u>48,966,517</u>	<u>49,598,690</u>	<u>57,129,610</u>	<u>52,993,487</u>
Net (expense)/revenue										
Governmental activities	(16,352,598)	(13,039,023)	(17,644,363)	(14,139,003)	(12,986,523)	(17,634,503)	(14,868,414)	(18,382,879)	(14,420,373)	(18,435,675)
Business-type activities	5,306,313	8,077,259	5,959,482	8,997,932	11,359,293	11,137,690	11,339,393	11,440,589	2,775,594	9,137,400
Total primary government net expense	<u>\$ (11,046,285)</u>	<u>\$ (4,961,764)</u>	<u>\$ (11,684,881)</u>	<u>\$ (5,141,071)</u>	<u>\$ (1,627,230)</u>	<u>\$ (6,496,813)</u>	<u>\$ (3,529,021)</u>	<u>\$ (6,942,290)</u>	<u>\$ (11,644,779)</u>	<u>\$ (9,298,275)</u>

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 8,193,634	\$ 8,360,565	\$ 8,594,436	\$ 8,766,376	\$ 9,375,114	\$ 9,401,312	\$ 9,340,283	\$ 9,462,898	\$ 9,617,294	\$ 9,958,587
Hospitality Fees	2,661,073	2,799,149	2,800,739	2,841,585	2,926,340	3,092,529	3,214,470	3,396,306	3,677,328	3,863,554
Unrestricted grants and contributions	1,143,389	987,666	942,306	790,254	711,684	728,643	851,358	1,320,504	2,293,423	5,595,294
Investment earnings	479,844	439,199	186,869	45,791	22,815	20,686	42,800	25,579	66,674	121,779
Gain on sale of assets	-	-	-	-	-	355,108	-	-	-	-
Miscellaneous	603,307	869,250	514,233	188,017	158,122	149,837	895,937	1,112,385	793,547	745,861
Transfers	1,612,000	1,626,117	1,637,000	2,124,000	2,019,569	2,520,001	2,956,317	2,113,344	3,173,699	4,593,644
Total governmental activities	<u>14,693,247</u>	<u>15,081,946</u>	<u>14,675,583</u>	<u>14,756,023</u>	<u>15,213,644</u>	<u>16,268,116</u>	<u>17,301,165</u>	<u>17,431,016</u>	<u>19,621,965</u>	<u>24,878,719</u>
Business-type activities										
Investment earnings	730,095	759,267	365,531	231,755	53,504	50,539	52,185	31,401	77,721	176,141
Miscellaneous	-	-	913,528	1,495,506	928,575	965,858	977,161	897,012	1,091,191	1,074,478
Transfers	(1,612,000)	(1,626,117)	(1,637,000)	(2,124,000)	(2,019,569)	(2,520,001)	(2,956,317)	(2,113,344)	(3,173,699)	(4,593,644)
Total business-type activities	<u>(881,905)</u>	<u>(866,850)</u>	<u>(357,941)</u>	<u>(396,739)</u>	<u>(1,037,490)</u>	<u>(1,503,604)</u>	<u>(1,926,971)</u>	<u>(1,184,931)</u>	<u>(2,004,787)</u>	<u>(3,343,025)</u>
Total primary government	<u>\$ 13,811,342</u>	<u>\$ 14,215,096</u>	<u>\$ 14,317,642</u>	<u>\$ 14,359,284</u>	<u>\$ 14,176,154</u>	<u>\$ 14,764,512</u>	<u>\$ 15,374,194</u>	<u>\$ 16,246,085</u>	<u>\$ 17,617,178</u>	<u>\$ 21,535,694</u>
Changes in Net Position										
Governmental activities	\$ (1,659,351)	\$ 2,042,923	\$ (2,968,780)	\$ 617,020	\$ 2,227,121	\$ (1,366,387)	\$ 2,432,751	\$ (951,863)	\$ 5,201,592	\$ 6,443,044
Business-type activities	4,424,408	7,210,409	5,601,541	8,601,193	10,321,803	9,634,086	9,412,422	10,255,658	770,807	5,794,375
Total primary government	<u>\$ 2,765,057</u>	<u>\$ 9,253,332</u>	<u>\$ 2,632,761</u>	<u>\$ 9,218,213</u>	<u>\$ 12,548,924</u>	<u>\$ 8,267,699</u>	<u>\$ 11,845,173</u>	<u>\$ 9,303,795</u>	<u>\$ 5,972,399</u>	<u>\$ 12,237,419</u>

Table 03

**CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

Fiscal Year	Property Tax	Business License/ Franchise Fees	Hospitality Fee	Fines and Forfeitures	Total
2007	\$ 8,193,634	\$ 8,566,956	\$ 2,661,073	\$ 825,692	\$ 20,247,355
2008	8,360,565	10,212,766	2,799,149	827,954	22,200,434
2009	8,594,436	10,332,888	2,800,739	725,808	22,453,871
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,375,114	10,347,941	2,926,340	695,789	23,345,184
2012	9,401,312	10,318,699	3,092,529	692,526	23,505,066
2013	9,340,283	11,085,979	3,214,470	644,920	24,285,652
2014	9,462,898	11,334,578	3,396,306	637,172	24,830,954
2015	9,617,294	11,528,597	3,677,328	540,934	25,364,153
2016	9,958,587	11,711,268	3,863,554	549,212	26,082,621

Table 04

CITY OF FLORENCE, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 255,201	\$ 265,745	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194
Restricted	-	-	-	-	210,000	-	331,319	-	-	-
Reserved	-	300,000	27,000	240,000	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	693,523	781,179	1,934,688	1,979,096	2,355,008	3,249,055
Unreserved	8,187,370	8,128,515	9,022,785	9,510,270	-	-	-	-	-	-
Unassigned	-	-	-	-	8,740,538	8,291,180	8,415,209	9,081,509	10,109,014	11,591,331
Total General Fund	\$ 8,187,370	\$ 8,428,515	\$ 9,049,785	\$ 9,750,270	\$ 9,899,262	\$ 9,338,104	\$ 10,934,389	\$ 11,320,825	\$ 12,684,412	\$ 15,026,580
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 20,730	\$ 25,063	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500
Restricted	-	-	-	-	1,733,579	1,279,834	2,484,443	17,846,136	15,347,557	14,621,783
Reserved	2,988,084	1,151,487	-	-	-	-	-	-	-	-
Committed	-	-	-	-	3,141,642	1,409,480	596,533	596,233	522,669	411,240
Assigned	-	-	-	-	1,194,567	675,914	-	15,000	-	-
Unreserved	1,691,698	3,750,499	8,889,745	7,169,422	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 4,679,782	\$ 4,901,986	\$ 8,889,745	\$ 7,169,422	\$ 6,090,518	\$ 3,390,291	\$ 3,128,357	\$ 18,482,069	\$ 15,904,118	\$ 15,043,523

Table 05

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Property Taxes	\$ 7,954,442	\$ 8,172,899	\$ 8,577,341	\$8,766,376	\$9,345,471	\$ 9,399,509	\$ 9,356,801	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653
Licenses and fees	11,228,029	13,011,915	13,133,627	13,322,031	13,274,281	13,411,228	14,510,042	14,910,015	16,034,673	19,426,009
Intergovernmental	4,099,227	3,609,493	2,529,952	4,290,958	2,715,256	3,790,156	3,772,655	3,872,395	4,975,460	5,056,720
Charges for services	1,787,838	1,980,238	2,047,613	2,211,833	2,128,982	2,159,166	2,387,117	2,230,427	2,487,241	2,522,868
Fines and forfeitures	825,692	827,954	725,808	784,380	695,789	692,526	644,920	637,171	540,934	549,212
Investment earnings	479,844	439,199	186,869	45,791	30,006	20,689	40,298	25,579	66,674	121,779
Miscellaneous	956,527	2,165,312	1,132,615	1,036,131	3,001,651	675,859	1,042,119	534,793	654,253	536,381
Total revenues	<u>27,331,599</u>	<u>30,207,010</u>	<u>28,333,825</u>	<u>30,457,500</u>	<u>31,191,436</u>	<u>30,149,133</u>	<u>31,753,952</u>	<u>31,704,936</u>	<u>34,375,018</u>	<u>38,144,622</u>
Expenditures										
Current										
General government	5,446,156	7,389,797	7,407,872	6,995,675	6,765,865	6,776,184	6,072,413	7,315,367	6,911,151	7,558,246
Public safety	11,587,658	11,921,922	12,417,086	12,392,972	12,947,045	14,132,035	13,552,531	14,001,197	14,240,947	13,820,581
Public works	4,024,636	4,251,485	4,290,955	4,479,662	4,254,787	4,699,514	4,909,427	6,116,375	5,995,862	5,802,639
Culture and recreation	5,242,151	4,072,780	6,408,020	3,865,643	3,637,061	4,801,637	4,331,993	3,960,994	4,282,804	4,273,709
Community development	477,068	216,096	328,207	1,696,760	502,885	1,097,686	730,670	1,418,149	777,787	937,622
Debt Service										
Principal	505,051	543,977	670,369	1,069,978	1,162,813	2,358,462	1,763,799	8,410,196	1,677,644	1,855,632
Interest	162,476	154,483	142,569	390,440	537,190	612,332	459,469	473,483	1,002,763	1,012,960
Capital Outlay	<u>2,384,387</u>	<u>4,147,936</u>	<u>3,116,214</u>	<u>2,612,360</u>	<u>9,764,155</u>	<u>1,920,377</u>	<u>8,155,386</u>	<u>1,234,356</u>	<u>4,649,677</u>	<u>15,655,333</u>
Total expenditures	<u>29,829,583</u>	<u>32,698,476</u>	<u>34,781,292</u>	<u>33,503,490</u>	<u>39,571,801</u>	<u>36,398,227</u>	<u>39,975,688</u>	<u>42,930,117</u>	<u>39,538,635</u>	<u>50,916,722</u>
Excess of revenues under expenditures	<u>(2,497,984)</u>	<u>(2,491,466)</u>	<u>(6,447,467)</u>	<u>(3,045,990)</u>	<u>(8,380,365)</u>	<u>(6,249,094)</u>	<u>(8,221,736)</u>	<u>(11,225,181)</u>	<u>(5,163,617)</u>	<u>(12,772,100)</u>
Other financing sources (uses)										
Bond proceeds	-	-	-	-	5,345,000	-	-	23,734,000	-	6,750,000
Debt issuance cost	(35,867)	(7,584)	(52,305)	-	(37,000)	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	72,102	-	487,788	296,753	246,904
Transfers in	2,320,701	2,337,842	2,460,915	3,062,440	2,851,048	3,353,864	4,100,888	4,338,317	4,315,923	5,985,842
Transfers out	(708,701)	(700,842)	(823,915)	(938,440)	(669,189)	(833,863)	(1,155,163)	(2,224,973)	(1,142,224)	(1,392,198)
Proceeds from sale of property	-	-	-	-	-	-	-	-	-	777,040
Proceeds of capital lease	3,761,000	1,325,402	9,558,117	-	47,025	395,606	6,610,362	705,308	478,801	1,886,085
Total other financing sources (uses)	<u>5,337,133</u>	<u>2,954,818</u>	<u>11,142,812</u>	<u>2,124,000</u>	<u>7,536,884</u>	<u>2,987,709</u>	<u>9,556,087</u>	<u>27,040,440</u>	<u>3,949,253</u>	<u>14,253,673</u>
Net changes in governmental fund balance	<u>\$ 2,839,149</u>	<u>\$ 463,352</u>	<u>\$ 4,695,345</u>	<u>\$ (921,990)</u>	<u>\$ (843,481)</u>	<u>\$ (3,261,385)</u>	<u>\$ 1,334,351</u>	<u>\$ 15,815,259</u>	<u>\$ (1,214,364)</u>	<u>\$ 1,481,573</u>
Debt service as a percentage of non-capital expenditures	2.4%	2.4%	2.6%	4.7%	5.7%	8.6%	7.0%	21.3%	7.7%	8.1%

Table 06

**CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET POSITION OF ENTERPRISE FUNDS
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Water & Sewer										
Service Fees	\$ 21,368,185	\$ 24,202,597	\$ 24,796,610	\$ 27,163,915	\$ 28,151,177	\$ 28,975,273	\$ 29,431,296	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063
Sewer Surcharges	97,078	59,654	68,766	69,589	96,440	35,156	40,594	50,664	21,944	17,698
Cut on Fees	74,325	178,735	157,812	163,132	162,648	147,414	193,597	187,447	190,132	151,209
Water & Sewer										
Tap Fees	835,823	1,030,488	453,040	382,689	403,421	546,986	517,016	568,610	706,918	778,005
Service Charges	125,372	290,606	255,388	265,134	226,186	240,778	269,065	226,691	246,082	243,994
Late Fees	87,053	164,823	285,028	418,462	422,020	430,468	390,401	404,942	472,545	427,652
Stormwater Fees	1,121,916	1,198,218	1,219,444	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982
Investment earnings	730,095	759,267	365,531	231,755	53,504	50,539	52,185	31,401	77,721	176,141
Intergovernmental revenues	-	-	-	-	-	-	119,553	-	-	-
Miscellaneous	321,912	376,533	1,187,775	1,223,346	928,575	152,512	206,643	304,230	2,508,622	3,307,917
Total revenues	<u>24,761,759</u>	<u>28,260,921</u>	<u>28,789,394</u>	<u>31,152,025</u>	<u>31,691,854</u>	<u>31,832,025</u>	<u>32,491,852</u>	<u>33,684,008</u>	<u>37,233,327</u>	<u>38,977,661</u>
Expenditures										
Current										
Engineering	809,866	906,622	869,298	911,246	974,177	1,032,580	987,846	924,838	958,134	1,002,782
Utility Finance	727,049	741,982	851,037	818,791	932,884	1,411,815	1,939,902	1,694,928	1,732,099	1,735,464
Wastewater Treatment	2,596,617	2,661,429	2,984,387	3,201,419	3,255,574	3,239,314	3,581,179	3,775,600	3,841,748	4,051,886
Water Production	2,742,980	3,046,488	2,882,349	2,963,361	2,668,762	3,302,963	2,881,285	2,826,265	3,431,693	2,863,744
Distribution Operations	2,424,662	2,690,956	2,914,425	2,091,324	2,275,930	1,731,542	1,837,213	1,737,163	1,524,071	1,480,868
Collection Operations	109,020	190,226	263,678	755,176	768,601	732,536	787,045	971,134	1,157,306	1,122,358
Stormwater	883,581	916,032	920,469	1,019,210	1,079,309	1,198,115	1,126,321	1,245,346	1,208,065	1,202,009
Non-departmental	8,431,576	8,270,660	9,865,212	8,689,525	7,289,814	7,029,073	6,992,914	8,139,732	19,435,705	15,130,531
Net Interdepartmental										
Transfer	1,612,000	1,626,117	1,637,000	2,124,000	2,125,000	2,520,001	2,945,725	2,113,344	3,173,699	4,593,644
Total expense	<u>20,337,351</u>	<u>21,050,512</u>	<u>23,187,855</u>	<u>22,574,052</u>	<u>21,370,051</u>	<u>22,197,939</u>	<u>23,079,430</u>	<u>23,428,350</u>	<u>36,462,520</u>	<u>33,183,286</u>
Net change in net position	<u>\$ 4,424,408</u>	<u>\$ 7,210,409</u>	<u>\$ 5,601,539</u>	<u>\$ 8,577,973</u>	<u>\$ 10,321,803</u>	<u>\$ 9,634,086</u>	<u>\$ 9,412,422</u>	<u>\$ 10,255,658</u>	<u>\$ 770,807</u>	<u>\$ 5,794,375</u>

**CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2007	\$ 7,954,442	\$ 8,566,956	\$ 2,661,073	\$ 825,692	\$ 20,008,163
2008	8,172,899	10,212,766	2,799,149	827,954	22,012,768
2009	8,577,341	10,332,888	2,800,739	725,808	22,436,776
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,345,471	10,347,941	2,926,340	695,789	23,315,541
2012	9,399,509	10,318,699	3,092,529	692,526	23,503,263
2013	9,356,801	11,085,979	3,214,470	644,920	24,302,170
2014	9,494,556	11,334,578	3,396,306	637,172	24,862,612
2015	9,615,783	11,528,597	3,677,328	540,934	25,362,642
2016	9,931,653	11,711,268	3,863,554	549,212	26,055,687

Table 08

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

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Motor Vehicles	Other					
2007	2006	\$ 41,046,491	\$ 60,601,586	\$ 15,664,410	\$ 21,288,733	\$ 4,255,786	\$ 134,345,434	54.9	\$ 2,472,593,261	5.43%
2008	2007	43,624,088	63,334,142	15,510,400	20,406,476	4,262,629	138,612,477	54.9	2,577,078,442	5.38
2009	2008	46,591,593	67,302,466	14,886,860	22,118,529	4,282,034	146,617,414	54.9	2,728,131,590	5.37
2010	2009	48,563,854	68,919,960	13,671,060	21,327,503	4,434,172	148,048,205	54.9	2,777,562,487	5.33
2011	2010	53,718,182	70,501,984	14,093,880	20,772,127	4,553,707	154,532,466	56.7	2,930,483,528	5.27
2012	2011	54,714,285	71,085,672	14,523,690	19,183,573	4,591,064	154,916,156	56.7	2,960,477,579	5.23
2013	2012	54,937,686	69,773,408	15,291,980	18,778,579	4,687,925	154,093,728	56.7	2,957,895,007	5.21
2014	2013	55,007,595	71,270,577	16,326,470	17,496,320	4,737,361	155,363,601	56.7	2,990,280,434	5.20
2015	2014	55,965,147	72,424,916	17,531,340	18,490,006	4,881,047	159,530,362	56.5	3,062,438,917	5.21
2016	2015	58,302,456	73,973,466	18,682,293	19,513,566	4,740,033	165,731,748	56.5	3,173,815,982	5.22

Source: Florence County

Table 09

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Overlapping Rates ⁽¹⁾										
		City of Florence			Florence County			School District One			Technical College Millage	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2007	2006	54.9	0.0	54.9	67.9	9.0	76.9	151.0	15.0	166.0	3.4	301.2
2008	2007	54.9	0.0	54.9	67.9	9.0	76.9	157.5	19.0	176.5	4.9	313.2
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4
2010	2009	54.9	0.0	54.9	67.9	9.0	76.9	171.7	34.3	206.0	4.9	342.7
2011	2010	53.7	3.0	56.7	67.9	9.0	76.9	173.2	32.0	205.2	4.9	343.7
2012	2011	53.7	3.0	56.7	68.9	8.0	76.9	177.5	30.0	207.5	4.9	346.0
2013	2012	53.7	3.0	56.7	71.9	8.0	79.9	184.5	35.6	220.1	4.9	361.6
2014	2013	53.7	3.0	56.7	75.4	9.0	84.4	189.3	31.7	221.0	4.9	367.0
2015	2014	53.7	2.8	56.5	73.0	8.5	81.5	192.7	29.4	222.1	4.9	365.0
2016	2015	53.7	2.8	56.5	74.6	9.6	84.2	197.3	30.4	227.7	4.9	373.3

Source: Florence County Auditor's Office

(1) Overlapping rates are those of Florence County, School District One, and Florence-Darlington Technical College that apply to property owners within the City of Florence.

Table 10

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
Carolinas Hospital System	\$ 9,067,080	1	5.32%	\$ 13,234,550	1	9.55%
Duke Energy Progress ⁽³⁾	3,536,390	2	2.07	2,883,620	4	2.08
Magnolia, LLC	3,251,990	3	1.91	2,747,980	5	1.98
McLeod Regional Medical Center	2,713,700	4	1.59	4,463,460	2	3.22
BellSouth Telecommunications	1,809,680	5	1.06	3,233,670	3	2.33
Florence Mall	1,797,550	6	1.05			
Raldex, Inc.	1,620,300	7	0.95	926,880	8	0.67
Holcombe Land Development	1,289,810	8	0.76	1,293,800	6	0.93
Wal-Mart	1,098,530	9	0.64			
CSX Transportation	649,235	10	0.38			
Edens & Avant Fin. Ltd. Partnership				976,770	7	0.70
Lowe's Home Improvement				780,590	9	0.56
South Carolina Electric and Gas				749,500	10	0.54

Source: Florence County

(1) Total Assessed Value for 2016 was \$170,471,781

(2) Total Assessed Value for 2007 was \$138,601,220

(3) In FY 2013 Duke Energy merged with Carolina Power and Light

Table 11

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections of Prior Tax Year's Levy in Subsequent Fiscal Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Original Levy</u>
2007	2006	\$7,609,207	\$7,526,794	98.9%	\$ 66,144	\$7,592,938	99.8%
2008	2007	7,843,843	7,733,752	98.6	75,042	7,808,794	99.6
2009	2008	8,284,380	8,125,465	98.1	82,930	8,208,395	99.1
2010	2009	8,371,282	8,260,672	98.7	63,861	8,324,533	99.4
2011	2010	9,020,186	8,793,288	97.5	80,631	8,873,919	98.4
2012	2011	9,044,059	8,846,137	97.8	117,503	8,963,640	99.1
2013	2012	9,002,920	8,831,673	98.1	56,778	8,888,451	98.7
2014	2013	9,077,725	8,950,117	98.6	59,844	9,009,961	99.3
2015	2014	9,289,810	9,077,292	97.7	57,338	9,134,630	98.3
2016	2015	9,631,656	9,385,169	97.4	64,936	9,450,105	98.1

Source: Florence County

Table 12

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2007	\$ -	\$ -	\$ -	\$ 3,769,075	\$ 37,090,000	\$ 27,028,107	\$ 67,887,182	1.16%	\$ 2,120
2008	-	-	1,280,000	3,270,500	36,265,000	24,873,896	65,689,396	1.08	2,049
2009	-	-	2,235,000	11,363,248	34,555,000	22,645,511	70,798,759	1.08	2,200
2010	-	-	2,060,675	10,466,595	111,040,082	17,419,572	140,986,924	2.15	3,805
2011	5,345,000	-	1,829,137	9,563,108	109,375,650	27,950,456	154,063,351	2.24	4,135
2012	5,092,905	-	1,416,062	8,265,421	105,252,219	28,815,589	148,842,196	2.10	3,964
2013	4,828,098	-	1,272,204	13,520,649	102,209,789	28,420,215	150,250,955	2.10	3,986
2014	4,550,124	23,734,000	675,000	6,690,939	105,069,530	35,715,144	176,434,737	*	4,648
2015	4,258,515	23,014,000	610,000	6,568,705	101,713,084	40,347,292	176,511,596	*	4,604
2016	10,702,785	22,278,000	545,000	7,705,888	100,338,308	35,559,195	177,129,176	*	4,588

(1) See Table 17 Demographic and Economic Statistics for population data.

* Personal Income Tax Data is not currently available

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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2007	32,015	\$138,601,220	\$ -	\$ -	\$ -	0.00%	\$ -
2008	32,063	142,875,106	-	-	-	0.00	-
2009	32,180	150,899,448	-	-	-	0.00	-
2010	37,056	152,482,377	-	-	-	0.00	-
2011	37,254	159,086,173 ⁽²⁾	5,345,000	-	5,345,000	3.36	143
2012	37,550	159,507,220	5,092,905	431,975	4,660,930	2.92	124
2013	37,695	159,781,653	4,828,098	475,412	4,352,686	2.72	115
2014	37,961	160,100,962	4,550,124	521,650	4,028,474	2.52	106
2015	38,340	164,411,409	4,258,515	545,841	3,712,674	2.26	97
2016	38,610	170,471,781	10,702,785	579,706	10,123,079	5.94	262

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Revenue and Fiscal Affairs Office or City of Florence Finance Department.

(2) Reassessment

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City⁽¹⁾</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Florence	\$ 41,231,673	100.00%	\$ 41,231,673
Overlapping:⁽²⁾			
Florence County	206,839,306	35.86%	74,172,575
Florence School District 1	<u>21,005,000</u>	44.41%	<u>9,328,321</u>
Total Overlapping Debt	\$ 227,844,306		\$ 83,500,896
Total Direct & Overlapping Debt	<u>\$ 269,075,979</u>		<u>\$ 124,732,569</u>

(1) The percentage of overlapping debt applicable is estimated by using assessed property values. Applicable percentages were estimated by dividing the City's assessed value by the assessed value of the appropriate overlapping jurisdiction (Florence County or Florence School District 1)

(2) Source: Florence County Finance Department

Table 15

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$11,088,098	\$11,430,008	\$12,071,956	\$12,198,590	\$12,726,894	\$12,760,578	\$12,702,532	\$12,808,077	\$13,153,714	\$13,637,742
Total net debt applicable to limit	-	-	-	-	5,345,000	4,660,930	4,352,686	4,028,474	3,712,674	10,123,079
Legal Debt Margin	<u>\$11,088,098</u>	<u>\$11,430,008</u>	<u>\$12,071,956</u>	<u>\$12,198,590</u>	<u>\$7,381,894</u>	<u>\$8,099,648</u>	<u>\$8,349,846</u>	<u>\$8,779,603</u>	<u>\$9,441,040</u>	<u>\$3,514,663</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	42.00%	36.53%	34.27%	31.45%	28.23%	74.23%

Legal Debt Margin Calculation for Fiscal Year 2016

Taxable Assessed Value - 2015 Levy	\$ 165,731,748
Add back: exempt real property	<u>4,740,033</u>
Total Assessed Value	<u>\$ 170,471,781</u>
 Debt Limit (8% of Total Assessed Value Without Referendum)	 \$ 13,637,742
Debt applicable to limit:	
Total Bonded Debt	\$ 10,702,785
Less Amounts Available in Debt Service Fund	(579,706)
Less Deductions Allowed by Law	_____
Total Net Debt Applicable to Limit	<u>10,123,079</u>
Legal Debt Margin	<u>\$ 3,514,663</u>

CITY OF FLORENCE, SOUTH CAROLINA
REVENUE BOND COVERAGE - COMBINED WATER AND SEWER UTILITY SYSTEM BONDS
LAST TEN FISCAL YEARS

Fiscal Year ⁽¹⁾	Gross Revenue ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ⁽⁴⁾
				Principal	Interest	Total	
2007	23,213,857	10,240,322	12,973,535	4,085,899	2,987,178	7,073,077	1.83
2008	26,654,167	11,204,841	15,449,326	2,392,078	2,782,452	5,174,530	2.99
2009	26,712,674	12,292,031	14,420,643	3,341,252	2,650,041	5,991,293	2.41
2010	29,199,368	12,087,177	17,112,191	3,447,196	2,497,453	5,944,649	2.88
2011	30,665,248	11,751,584	18,913,664	1,973,833	4,923,927	6,897,760	2.74
2012	31,924,606	12,279,922	19,644,684	3,879,607	6,082,235	9,961,842	1.97
2013	32,422,779	12,983,988	19,438,791	3,822,469	6,136,072	9,958,541	1.95
2014	33,472,326	13,783,991	19,688,335	4,131,881	5,639,266	9,771,147	2.01
2015	34,957,530	14,353,564	20,603,966	4,800,775	5,819,375	10,620,150	1.94
2016	35,931,291	13,965,368	21,965,923	5,124,838	5,729,248	10,854,086	2.02

(1) In the fiscal years 2012 through 2015 CAFRs, Economic Development expenses are accounted for in Operating Expenses. Economic Development expenses should have been reported in these CAFRs as Non-Operating Expenses. Operating Expenses for fiscal years 2012 through 2015 have been adjusted in this table to reflect Economic Development incentives classified as Non-Operating Expenses. Expenses for Economic Development come from surplus funds of the System to foster growth in the Florence area.

(2) Total Operating Revenues (including interest and Build America Bond Interest Subsidy) exclusive of grants and sale of assets.

(3) Total operating expenses exclusive of depreciation and amortization.

(4) The City's Waterworks & Sewerage System Bond Ordinance requires that annual Net Earnings be equal to at least 100% of debt service requirements for all Junior Lien Bonds. Debt service requirements for FY 2015-16 for the \$6,111,310.18 Waterworks & Sewerage System Junior Lien Revenue Bond of the City of Florence, SC dated January 9, 2014, and amended on May 12, 2014, was \$214,724. Debt service requirements for FY 2015-16 for the \$12,936,000 Tax Increment Revenue Bond, which is additionally secured by a junior lien pledge of Waterworks & Sewerage System revenues, was \$393,254 in interest only payments. Net earnings of the system exceed the debt service requirement amounts described above required by the City's Waterworks & Sewerage System Bond Ordinance. Debt service on these junior lien debts is not included under Debt Service Requirements in the above table.

**CITY OF FLORENCE, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population⁽¹⁾	Personal Income (in millions)⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2007	32,015	5,861	29,661	15,510	6.1
2008	32,063	6,093	30,690	15,490	6.7
2009	32,180	6,528	30,542	15,783	12.1
2010	37,056	6,546	31,883	16,017	11.0
2011	37,254	6,889	33,491	16,081	11.6
2012	37,550	7,099	34,445	16,176	10.2
2013	37,695	7,146	34,646	16,305	9.9
2014	37,961	7,292	35,220	16,579	7.4
2015	38,341	*	*	16,694	7.5
2016	38,610	*	*	15,846	5.4

* Information not yet available

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Revenue and Fiscal Affairs Office or City of Florence Finance Department.

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.

(3) Florence School District One

(4) South Carolina Department of Employment and Workforce. Unemployment rate is for Florence County.

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL EMPLOYERS IN THE CITY OF FLORENCE
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment⁽²⁾</u>
McLeod Regional Medical Center	6,800	1	38.0%	4,375	1	31.3%
Florence School District One	2,221	2	12.4	1,718	2	12.3
Carolinas Hospital System	1,325	3	7.4	1,400	4	10.0
The Assurant Group	1,133	4	6.3	425	9	3.0
Administrators/TRICARE (BCBS)	1,110	5	6.2	1,600	3	11.4
Florence County	800	6	4.5	898	5	6.4
Wal-Mart	703	7	3.9	620	6	4.4
Nightingales Nursing Services	694	8	3.9	-	-	-
City of Florence	526	9	2.9	439	8	3.1
Florence Co. Disabilities & Spec. Needs	290	10	1.6	350	10	2.5
SC DHEC				600	7	4.3

(1) Total employment for June 2016: 17,911

(2) Total employment for June 2007: 13,989

Table 19

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL WATER USERS IN SERVICE AREA
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2016			2007		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Medical Center	Medical Services	1	\$268,411	1.71%	1	\$148,192	1.35%
Johnson Controls	Manufacturing	2	247,935	1.58			0.00
Francis Marion University	University	3	152,111	0.97	3	98,479	0.90
Roche Carolina	Manufacturing	4	84,656	0.54	4	82,818	0.75
Florence School District 1	School	5	80,979	0.52			
Forest Lake Apartments	Apartments	6	74,059	0.47	10	41,753	0.38
Carolinas Hospital System	Medical Services	7	73,766	0.47	5	60,108	
International Food House	Manufacturing	8	63,816	0.41			
Florence County	County Government	9	61,000	0.39			
Habitat 2000	Apartments	10	60,427	0.39			0.00
General Electric	Manufacturing				2	133,908	1.22
Rental Uniforms	Industrial				6	58,056	0.53
Florence County Detention Center	County Government				7	56,891	0.52
PET Dairy	Manufacturing				8	55,291	0.50
ESAB	Manufacturing				9	47,148	0.43
TOTALS			<u>\$1,167,159</u>	<u>7.45%</u>		<u>782,644</u>	<u>7.13%</u>
2016 Total Billed Revenue:	\$15,660,143						
2007 Total Billed Revenue:	\$10,977,185						

Table 20

**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL SEWER USERS IN SERVICE AREA
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2016			2007		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$344,403	2.00%	1	\$179,986	1.75%
Koppers	Manufacturing	2	223,376	1.30	2	164,013	1.59
Francis Marion University	University	3	216,369	1.26	4	130,638	1.27
Johnson Controls	Manufacturing	4	154,638	0.90			0.00
Darlington County	Government	5	151,632	0.88	8	80,962	0.79
ESAB	Manufacturing	6	140,038	0.81	5	113,744	1.11
Forest Lake Apartments	Apartments	7	112,547	0.65			0.00
Roche Carolina	Manufacturing	8	100,756	0.58	7	98,240	0.96
Habitat 2000	Apartments	9	94,822	0.55			0.00
Carolina Hospital Systems	Medical Services	10	90,164	0.52	9	79,133	0.77
PET Dairy	Manufacturing				3	143,743	1.40
Rental Uniforms	Industrial				6	98,911	0.96
Florence County Detention Center	Government				10	65,728	0.64
TOTALS			<u>\$1,628,745</u>	<u>9.46%</u>		<u>\$1,155,098</u>	<u>11.23%</u>

2016 Total Billed Revenues: \$17,225,294

2007 Total Billed Revenues: \$10,284,914

Table 21

**CITY OF FLORENCE, SOUTH CAROLINA
NUMBER OF UTILITY ACTIVE CUSTOMERS - BY SERVICE AND CATEGORY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009 ⁽¹⁾	2010	2011	2012	2013	2014 ⁽²⁾	2015	2016
Water Customers:										
Residential	26,610	27,189	27,139	27,299	27,333	27,561	27,760	28,740	28,920	29,088
Commercial	2,849	2,970	2,958	2,983	2,977	3,006	3,027	3,139	3,136	3,149
Industrial			7	5	3	2	2	2	2	2
Total	29,459	30,159	30,104	30,287	30,313	30,569	30,789	31,881	32,058	32,239
Sewer Customers:										
Residential	16,761	17,190	17,143	17,340	17,344	17,517	17,689	18,648	18,808	18,991
Commercial	2,157	2,247	2,234	2,241	2,228	2,263	2,275	2,368	2,348	2,360
Industrial			7	6	5	4	4	4	4	2
Total	18,918	19,437	19,384	19,587	19,577	19,784	19,968	21,020	21,160	21,353

(1) Prior to 2009 Industrial customers were included in the Commercial customers' total.

(2) In FY 2013-14 the City of Florence took ownership of the Town of Timmonsville Water and Sewer System

Table 22

**CITY OF FLORENCE, SOUTH CAROLINA
WATER RATES
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Minimum Rates ⁽¹⁾										
Inside City Rates										
3/4"	\$ 10.27	\$ 11.10	\$ 11.77	\$ 12.47	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25
1"	15.67	16.92	17.94	19.01	25.50	26.05	26.60	27.15	37.70	28.25
1 1/4"	17.02	18.37	19.47	20.63	36.75	37.55	38.35	39.15	39.95	40.75
1 1/2"	30.52	32.92	34.90	36.99	48.00	49.05	50.10	51.15	52.20	53.25
2"	51.45	55.46	58.79	62.31	75.00	76.65	78.30	79.95	81.60	83.25
3"	111.52	120.18	127.39	135.03	147.00	150.25	153.50	156.75	159.90	163.25
4"	195.22	210.34	222.96	236.33	228.00	233.05	238.10	243.15	248.20	253.25
6"	434.85	468.48	496.59	526.38	453.00	463.05	470.10	480.15	493.20	503.25
8"	770.32	829.89	879.68	932.46	723.00	739.05	755.10	771.15	787.20	803.25
Volume Rate (per 1,000 gallons)	1.43	1.55	1.64	1.74	1.75	1.79	1.83	1.87	1.91	1.95
Minimum Rates ⁽¹⁾										
Outside City Rates										
3/4"	13.65	15.15	16.51	18.00	17.40	17.77	18.14	18.51	18.88	19.25
1"	21.75	24.12	26.29	28.66	39.00	39.85	40.70	41.55	42.40	43.25
1 1/4"	23.77	26.36	28.73	31.32	57.00	58.25	59.50	60.75	62.00	63.25
1 1/2"	44.02	48.79	53.18	57.97	75.00	76.65	78.30	79.95	81.60	83.25
2"	75.41	83.57	91.09	99.29	118.20	120.81	123.42	126.03	128.64	131.25
3"	165.52	183.39	199.89	217.88	233.40	238.57	243.74	248.91	254.08	259.25
4"	291.07	322.47	351.49	383.13	363.00	371.05	379.10	387.15	395.20	403.25
6"	650.51	720.64	785.49	856.19	723.00	739.05	755.10	771.15	787.20	803.25
8"	1,153.72	1,278.07	1,393.09	1,518.47	1,153.00	1,180.65	1,206.30	1,231.95	1,257.60	1,283.25
Volume Rate (per 1,000 gallons)	2.15	2.39	2.61	2.84	2.80	2.86	2.93	2.99	3.06	3.12

(1) Minimum rate is based on meter size and includes the customer charge (per account)

Table 23

**CITY OF FLORENCE, SOUTH CAROLINA
SEWER RATES
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Minimum Rates ⁽¹⁾										
Inside City Rates										
3/4"	\$ 16.82	\$ 18.28	\$ 19.38	\$ 20.54	\$ 20.60	\$ 21.20	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85
1"	26.92	29.28	31.04	32.90	46.85	48.20	50.68	51.15	52.63	54.23
1 1/4"	29.45	32.03	33.95	35.99	68.73	70.70	72.86	75.03	77.19	79.54
1 1/2"	54.71	59.52	63.09	66.88	90.60	93.20	96.05	98.90	101.75	104.85
2"	93.86	102.15	108.28	114.78	143.10	147.20	151.70	156.20	167.70	165.60
3"	206.27	224.50	237.97	252.25	283.10	291.20	300.10	309.00	317.90	327.60
4"	362.88	395.30	419.02	444.16	440.60	453.20	467.05	480.90	494.75	509.85
6"	811.25	883.04	936.02	992.18	878.10	903.20	930.80	958.40	986.00	1,016.10
8"	1,438.96	1,566.32	1,660.30	1,759.95	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60
Volume Rate (per 1,000 gallons)	1.77	1.90	2.01	2.13	2.48	2.55	2.63	2.71	2.79	2.87
Minimum Rates ⁽¹⁾										
Outside City Rates										
3/4"	23.14	25.86	28.19	30.73	31.10	32.00	32.98	33.96	34.94	36.00
1"	38.29	42.82	46.68	50.88	73.10	75.20	77.51	79.80	82.11	84.61
1 1/4"	42.08	47.06	51.30	55.92	108.11	111.20	114.60	118.01	121.40	125.10
1 1/2"	79.97	89.47	97.52	106.30	143.10	147.20	151.70	156.20	160.70	165.60
2"	138.70	155.21	169.18	184.41	227.10	233.60	240.74	247.88	255.02	262.60
3"	307.31	343.95	374.91	408.66	451.10	464.00	478.18	492.36	506.54	522.00
4"	542.23	606.90	661.52	721.06	703.10	723.20	745.30	767.40	789.50	813.60
6"	1,214.78	1,359.71	1,482.09	1,615.48	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60
8"	2,156.34	2,413.65	2,630.88	2,867.66	2,243.10	2,307.20	2,448.10	2,448.20	2,518.70	2,595.60
Volume Rate (per 1,000 gallons)	2.66	2.93	3.19	3.48	3.97	4.08	4.21	4.34	4.46	4.59

(1) Minimum rate is based on meter size and includes the customer charge (per account)

**CITY OF FLORENCE, SOUTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full-time Equivalent City Government Positions ⁽¹⁾									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government Admin.	11	12	12	12	13	14	12	12	11	11
Finance Department	10	10	10	10	10	10	9	9	9	9
Personnel Department	4	5	5	5	5	6	6	5	6	6
Community Services Department	7	8	8	8	8	8	8	8	5	5
Public Safety										
Police	138	138	140	143	153	153	154	146	150	149
Fire	70	70	71	72	85	85	85	86	85	85
Total Public Safety	208	208	211	215	238	238	239	232	235	234
Public Works Department										
Streets and Beautification	30	30	30	30	30	30	36	50	50	50
Sanitation	24	25	27	27	27	27	27	27	27	27
Equipment Maintenance	8	8	7	7	7	7	7	7	7	7
Total Public Works	62	63	64	64	64	64	70	84	84	84
Parks and Recreation	23	35	39	39	41	41	41	26	26	27
Urban Planning & Development	4	4	8	8	8	7	5	4	4	4
Water and Sewer	117	117	117	118	119	120	122	118	120	121
Stormwater	11	11	11	10	9	9	9	8	8	8
Total Employees	457	473	485	489	515	517	521	506	508	509

Source: City of Florence Budget

(1) Full-Time Equivalents are budgeted positions whether filled or vacant.

Table 25

**CITY OF FLORENCE, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical Arrests	3,003	3,523	3,787	3,633	2,740	2,965	3,570	3,386	3,009	4,448
Traffic Violations	9,323	9,598	8,692	8,775	12,697	7,728	7,923	6,693	9,758	7,454
Parking Violations	757	623	924	770	546	514	430	355	148	355
Fire										
Calls Answered	2,413	2,236	2,177	2,565	2,709	2,492	2,557	2,520	2,923	3,131
Inspections	1,021	837	1,286	1,040	1,797	1,992	1,735	1,744	1,341	1,595
Water System										
Service Connections	29,459	30,238	30,240	30,814	30,396	30,546	30,789	31,949	32,179	32,239
Average daily production (in millions of gallons)	13.00	14.00	13.00	13.00	13.00	13.00	12.17	12.65	13.62	12.50
Maximum daily capacity (in millions of gallons)	37.00	37.00	37.00	26.00	26.00	26.00	25.60	26.46	26.46	26.46
Wastewater System										
Service connections	18,918	19,486	19,530	19,954	19,641	19,780	19,954	21,070	21,259	21,353
Average daily treatment (in millions of gallons)	10.00	9.82	11.00	12.00	10.00	8.50	8.63	12.21	11.14	11.27
Maximum daily capacity (in millions of gallons)	15.00	15.00	18.00	18.00	18.00	18.00	18.00	24.00	24.00	24.00

Source: Various City departments.

Table 26

**CITY OF FLORENCE, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	3	2	3	3	3	2	2
Resource Centers	3	3	4	6	9	5	6	4	3	4
Patrol units	157	127	135	100	133	159	165	168	164	159
Fire Stations	4	4	4	4	5	5	5	5	5	5
Highways and Streets										
Streets (in miles) ⁽¹⁾	241	241	283	283	96	97	99	103	103	103
Streetlights (Leased)	6,052	6,075	6,235	6,375	6,670	6,722	6,722	6,756	6,996	7,121
Culture and Recreation										
Community centers	3	4	4	4	6	6	4	5	5	5
Parks	16	16	17	19	19	19	18	18	18	19
Park acreage	530	605	624	660	660	660	655	655	655	669
Tennis courts	22	24	24	48	54	50	49	50	50	50
Water System										
Water mains (in miles)	730	741	718	718	724	733	748	796	806	841
Fire hydrants	1,801	1,882	2,334	2,213	2,229	2,259	2,317	2,547	2,577	2,666
Wastewater System										
Sanitary sewers (in miles)	375	390	388	425	448	456	462	507	507	507
Treatment plants	1	1	1	1	1	1	1	2	2	2
Stormwater System										
Storm sewers (in miles) ⁽²⁾	109	110	115	115	75	76	76	76	76	77

Source: Various City departments.

(1) Prior to 2011 the streets information reported represented the total number of street miles located within the City. Beginning in 2011, the streets information reported represents the miles of streets owned by the City of Florence.

(2) Prior to 2011 the storm drains information reported represented the total number of miles within the City. Beginning in 2011, the storm drains information reported presents the miles of storm drains owned by the City of Florence.

**CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30 2016**

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Employees	509
Area in square miles	22.04
Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,361
Education	
Number of elementary schools	14
Number of elementary school instructors	604
Number of secondary schools	8
Number of secondary school instructors	481
Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	889
Other data	
Business Licenses issued for fiscal year 2015-2016	3,488
New Business Licenses issued for fiscal year 2015-2016	537
Business License Receipts	\$ 8,185,112
Percent change in Business License receipts from prior year	4.42%
Franchise Fee Receipts	\$ 3,614,667
Percent change in Franchise Fee receipts from prior year	(2.05%)
Population (estimated population)	38,610
City of Florence gross retail sales for calendar year 2015	\$ 2,576,278,080
Per Capita spending for calendar year 2015	\$ 66,726
Outstanding General Obligation Debt	\$ 18,408,673
Outstanding Revenue Debt	\$ 158,720,503
City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standards and Poor's (upgraded on October 13, 2016)	AA-
Residential construction permits issued	416
Construction value	\$ 24,914,950
Commercial construction permits issued	171
Construction value	\$ 91,101,225

SINGLE AUDIT SECTION

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

-MEMBERS OF-
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
S.C. ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS
DIVISION FOR CPA FIRMS
AMERICAN INSTITUTE OF CPAS

1341 W. ALICE DRIVE, 29505
P.O. DRAWER 4707
FLORENCE, SC 29502
TELEPHONE (843) 669-3142
TELECOPIER (843) 662-9255

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor
City of Florence, South Carolina

Report on Compliance for Each Major Federal Program

We have audited City of Florence, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Florence, South Carolina's major federal programs for the year ended June 30, 2016. City of Florence, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Florence, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Florence, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Florence, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Florence, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City of Florence, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Florence, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Florence, South Carolina's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina

City of Florence, South Carolina

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs				
Community Development Block Grants	14.218	N/A	\$ 36,287	\$ 308,051
Economic Development Initiative	14.251	N/A	-	102
Total Direct Department of Housing and Urban Development			<u>36,287</u>	<u>308,153</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	16,396
Neighborhood Stabilization Program	14.228	11-NSP-116	-	107,720
Subtotal CFDA 14.228			<u>-</u>	<u>124,116</u>
Total Department of Housing and Urban Development			<u>36,287</u>	<u>432,269</u>
U.S. Department of Justice				
Direct Programs				
Bureau of Justice Assistance Grant	16.580	N/A	-	466
Bureau of Justice Assistance Grant	16.738	N/A	-	25,734
Bulletproof Vest Partnership Program	16.607	N/A	-	7,445
Total Department of Justice			<u>-</u>	<u>33,645</u>
U.S. Environmental Protection Agency				
Passed through S.C. Department of Health and Environmental Control				
Capitalization Grants for Clean Water State Revolving Funds	66.458	1-165-14-378-23	-	99,025
Total Environmental Protection Agency			<u>-</u>	<u>99,025</u>
U.S. Department of Commerce				
Direct Program				
Public Works Program/Core Infrastructure Improvements	11.300	N/A	-	212,640
Total Department of Commerce			<u>-</u>	<u>212,640</u>
U.S. Department of Homeland Security				
Passed through S.C. Adjutant General				
Disaster Grants - Public Assistance (FEMA)	97.036	N/A	-	18,746
Total Department of Homeland Security			<u>-</u>	<u>18,746</u>
Total Expenditures of Federal Awards			<u>\$ 36,287</u>	<u>\$ 796,325</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards--Continued
Year Ended June 30, 2016

1. Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The City of Florence has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Outstanding Loans

At June 30, 2016, the City had the following outstanding loans:

	<u>CFDA #</u>	<u>Amount</u>
U.S. Department of Housing and Urban Development		
CDBG Section 108 Loan Guarantees	14.248	<u>\$ 545,000</u>
U.S. Environmental Protection Agency		
Water Supply Improvements	66.468	657,103
Pee Dee Regional Water System/Finished Water Main	66.468	3,795,301
Rain Water Storage	66.468	1,638,055
Regional Wastewater Treatment Plan Upgrade - Phase I	66.458	14,844,014
Timmonsville Sewer System Rehabilitation - Phase I	66.458	<u>1,420,813</u>
Total Environmental Protection Agency		<u>22,355,286</u>
Total Loans Outstanding		<u>\$ 22,900,286</u>

3. Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants	\$ 36,287

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the basic financial statements of City of Florence, South Carolina were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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.
3. No instances of noncompliance material to the basic financial statements of City of Florence, South Carolina, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for City of Florence, South Carolina expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The program tested as a major program include: Community Development Block Grant - CFDA No. 14.218.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Florence, South Carolina was determined to be a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

City of Florence, South Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

None

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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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**

To the Honorable Mayor and
Members of the City Council
City of Florence, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Florence, South Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Florence, South Carolina's basic financial statements and have issued our report thereon dated October 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Florence, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Florence, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Florence, South Carolina's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Florence, South Carolina's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina