

**CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**



**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, 2019

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November 30, 2019

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 auditing 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, 2019.

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, 2019, 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, 2019, 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 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 25 square miles and serves a population of approximately 39,000. 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; building inspections and permitting; 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 by 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 42 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, Thermo Fisher Scientific, Honda, Nan Ya Plastics, Johnson Controls, QVC, Otis Elevator, McCall Farms 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 MUSC Health. 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 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 Florence Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor sporting events, concerts, circuses, rodeos, and a variety of other assorted shows. In 2018, a \$16 million,

28,000 square-foot expansion was completed at the Florence Center to provide for space needed to attract and recruit additional conferences and conventions to the facility.

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 Center and Magnolia Mall as well as along the intersection of Interstate 95 and U.S. Highway 52.

Florence continues to experience growth with expansions in healthcare, education, the arts, entertainment, shopping and hotels. This growth, coupled with the continued downtown revitalization projects, has resulted in Florence becoming a premier and dynamic part of the state. 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 and incorporated into the City's capital planning model. 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 and special revenue fund budgets as well as capital improvement budgets. General governmental initiatives include downtown redevelopment; neighborhood redevelopment; recreational, athletic and other quality of life opportunities; and continued investment in public infrastructure. Funding for these endeavors, which have long-term fiscal implications, come from a variety of sources including grants, Hospitality Fee revenues, Community Development Block Grant funds, General Fund revenues, Tax Increment Financing, and other authorized financings.

The City's combined water and wastewater system is a highly-regulated enterprise that requires extensive fiscal resources for long-term viability to serve the growing demands of the Florence area. To provide sufficient revenues for payment of projected costs of operation, expansion of the System, increases in debt service, and to maintain required debt service coverage ratios, the City, in 2009, contracted with an independent rate consultant to perform a comprehensive study of the operating, capital, and long-term debt service requirements. 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 the rate study, City Council approved an ordinance in 2010 to revise and update the City's water and wastewater rate schedules for a ten-year period beginning in Fiscal Year 2011 and continuing through fiscal year 2020.

The City is currently in the process of updating its comprehensive ten-year water and sewer rate analysis by an independent rate consultant. Findings and recommendations of this analysis will be presented to City Council for consideration in early 2020 with the goal of adopting a new ten-year rate schedule to become effective for Fiscal Years 2021 through 2030.

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 Timmonsville water and sewer systems in the estimated amount of \$12.7 million were identified and approved by US EPA, SCDHEC, City staff, and a team of consulting engineers.

A number of funding sources, including several grants and State Revolving Fund (SRF) loans for the Timmonsville 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 Timmonsville system in January 2014, City Council has approved the use of \$2.5 million in additional grant funding sources for upgrades to this system, bringing the total estimated cost of improvements to \$15 million.

Projects to repair and improve the Timmonsville system have been completed on the Timmonsville System as identified and required by the consent decree, and the Timmonsville System is now in compliance with applicable federal and state regulations. The City worked with the EPA in completing the closeout package for the consent decree. The City submitted the completed package on August 2, 2019.

Projected revenues of the Town's Utilities System combined with a number of SRF loans, including loan principal forgiveness, and several grant funding sources provide funding for the needed improvements. The combined SRF financed funds total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans are 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 Timmonsville system. Upon conveyance of the Timmonsville 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 Timmonsville system will be used to fund the outstanding Rural Development debt.

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

Construction of numerous projects funded through the Capital Projects Sales Tax continued in fiscal year 2019.

Downtown Redevelopment – 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 the Florence Downtown Development Corporation, a 501(c) (3) tax-exempt charitable 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. In 2017, City Council further amended the downtown overlay district by adding the "Food, Artisan and Warehouse District". City Council also expanded the geographic boundary for Downtown business

incentives for qualified projects to include this newly established overlay district as well as areas in the southwest quadrant of the D-1, Downtown Overlay District.

In June 2019, City Council again amended the downtown overlay district by adding the "Irby Street Corridor Overlay District." The intent of this district is to foster redevelopment of properties adjacent to the US Highway 52/ Irby Street Corridor to create and maintain a safe, efficient, functional and attractive corridor through the City of Florence Downtown. This overlay district builds upon downtown existing overlay districts developed to foster revitalization of Downtown Florence. The district is intended to: encourage redevelopment of existing structures that enhance the character of the corridor, reduce conflict between pedestrian and vehicular traffic, and promote a viable commercial corridor through Downtown Florence. By resolution adoption, City Council also expanded the geographic boundary for Downtown business incentives for qualified projects to include this overlay district.

Downtown Florence has been designated as a state-recognized cultural district by the South Carolina Arts Commission. A cultural district is an area that has a concentration of cultural facilities, activities and assets, is easily identifiable to visitors and residents, and serves as a center of cultural, artistic and economic activity.

Special Obligation Bond for Downtown Redevelopment – In December 2006, City Council adopted an ordinance establishing the Downtown Redevelopment District Project Area in downtown Florence. As provided by the ordinance, the City had until December 2016 to issue a Tax Increment Financing (TIF) obligation bond to fund public infrastructure improvements.

In 2014, the City issued a 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. The TIF Bond was issued through the year 2026.

In July 2016, City Council approved an ordinance to revise and extend the original TIF redevelopment plan adopted in 2006, and to extend the maximum term of maturity of TIF obligations from the original 20-year maturity of 2026 to a 40-year maturity expiring in 2046. These revisions were made by City Council to provide for the issuance of Special Obligation Bonds to be used for the construction of additional parking, street improvements, and other essential infrastructure enhancements in the TIF district as well as funding for the revitalization and redevelopment of three Florence School District One facilities. This bond was also used to refund the Series 2014 TIF Revenue Bond.

On November 9, 2016, the City of Florence issued a total of \$35,565,000 Special Obligation Bonds. The bonds included approximately \$21,720,000 of taxable and tax-exempt "new money" which is being used to fund capital infrastructure projects downtown as well as issuance costs and capitalized interest. These infrastructure projects, estimated at a total construction cost of \$20 million, include parking, street improvements, and other essential infrastructure enhancements to be provided. This amount also includes \$12 million for the revitalization and redevelopment of three Florence School District One facilities. The remaining \$13,845,000 bond funds were used to refund the Series 2014 TIF Revenue Bond including issuance costs and capitalized interest.

The Special Obligation 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 small.

Construction of numerous projects funded through the Special Obligation Bond continued in fiscal year 2019.

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 complex includes an access road at the intersection of Twin Church Road and West Palmetto Street, a 5.5-acre retention pond and 14 regulation-size soccer fields – two of which are lighted. Ten of the soccer fields are laser graded with sodding, while four soccer fields are graded and seeded for future play.

Funding for project totals approximately \$7,965,000. The sources of funding include \$6,480,000 from the Foundation and \$1,040,000 from proceeds of the countywide one-cent Sales Tax Referendum passed in 2013, for a total of \$7,520,000. The Foundation is providing the \$6 million funding at a rate of \$2 million per year from 2017 through 2019. The City provided additional funding from the Water and Sewer Enterprise Fund in the approximate amount of \$395,000 for water and sewer infrastructure to include 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 received a \$50,000 grant from the South Carolina Department of Parks, Recreation and Tourism to be used for soccer complex construction costs.

Because funding for the soccer complex and the gymnasium façade redesign is being provided by the Bruce and Lee

Foundation over a four-year period beginning in 2017, it was necessary to issue a General Obligation bond through 2020 to provide short-term funding for the construction and redesign projects. In February 2016, City Council authorized the issuance of a General Obligation bond to finance, over a period of four years, the construction of a soccer complex and provide additional funding 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, and construction was begun in May 2016.

The City held a grand opening of the facility to celebrate the completion of construction at the new soccer complex on February 15, 2018. The new 80-acre, 14-field facility includes two stadium type fields that can host national tournaments.

The Drs. Bruce and Lee Foundation is providing the City additional grant funding in the amount of \$1.58 million for the construction of a soccer complex pavilion. This structure will house a concession and lounge area, restrooms, storage areas, an elevator, administrative offices, officials' locker room, meeting space and a covered second floor viewing area.

Bids for construction of the soccer complex pavilion were received in November 2018. Gilbert/Fields of Florence was selected as the contractor for this project and construction was begun in January 2019. This project is scheduled for completion in January 2020.

Installment Purchase Revenue Bonds for Recreation and Athletic Capital Improvements – City staff presented a number of capital improvement projects to City Council for funding consideration to ensure the City's commitment to provide quality programs and facilities for recreational and athletic activities continues to be met. The following parks, recreation, and athletics projects were identified for which deferred improvements and other capital repairs, as well as certain facility renovations and property acquisitions, should be made:

- Capital Improvements/Renovations to Recreation Facilities
- Freedom Florence Complex Improvements
- Two Community Centers
- Land Purchase (Clemson Property)
- Sports Facilities Improvements and Development
- Trail Connections

City staff proposed that the annual debt service for this bond issue be funded with revenues generated as a result of Council's adopting in fiscal year 2014 an ordinance that changed the amount of credit given toward property taxes from a portion of the Local Option Sales Tax ("LOST") funds collected. Staff determined that the annual debt service for this \$15 million bond issue would best be funded through the issuance of an Installment Purchase Revenue Bond ("IPRB"). In September 2017 Council approved a resolution authorizing the formation of the City of Florence Public Facilities Corporation as the South Carolina non-profit entity required as part of the IPRB structure to finance the capital improvements described above.

On November 13, 2017 City Council approved an ordinance authorizing the issuance of Series 2017 IPRB. On November 15, 2017, the City issued an Installment Purchase Revenue Bond in the amount of \$15 million at an interest of 2.99% for a 15-year term to pay costs associated with the construction of Recreation and Athletic capital improvements.

Construction of the Dr. Iola Jones and Maple Park community centers as well as a track and field facility were begun in fiscal year 2019 utilizing this IPRB funding.

Neighborhood Redevelopment – In recognition that housing and neighborhood conditions are central to the City's current and future well-being, the City continues to pursue a number of strategies to foster and encourage neighborhood redevelopment.

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. These areas include some of the oldest and most challenged neighborhoods surrounding the City's downtown.

In 2014, the Florence Neighborhood Revitalization Plan was developed by the City with input from residents to preserve, connect and bridge gateway neighborhoods to downtown Florence by restoring the vibrancy of these neighborhoods one block at a time. The Florence Neighborhood Revitalization Plan is a comprehensive plan that will serve to enhance the overall desirability of Florence as a place to live, increase the City's regional competitiveness, set the stage for catalytic development and build from the success within and around the City's downtown. The initial focus of the plan includes four (4) neighborhood developments identified as the Neighborhood Revitalization Project Areas. These developments, located in

North Florence, Northwest Florence, and East Florence, will improve these communities which will, in turn, serve to enhance the quality of life in the City of Florence as a whole.

As part of this process, the City has committed over \$3 million to construction and incentive costs and another \$6 million to street and infrastructure improvements, including new sidewalks, curbing, pocket parks and bike lanes. To date, the city has purchased approximately 50 abandoned and dilapidated houses, and is in the process of building several new houses in the redevelopment area. The City anticipates the construction of between 20 and 50 new houses over the next five years. As part of the revitalization plan, the city is also creating down payment and purchase incentives for qualified buyers that cover the gap between the cost and market value of the new homes.

In March 2017, the official groundbreaking of the "Vista Place" project area, the first development of the four designated redevelopment areas, was held. The Vista Place development area consists of several former vacant lots on Vista Street across from North Vista Elementary School. Each lot to be developed will feature a unique, newly constructed house that will enhance the North Florence neighborhood. The construction of the first three homes was completed in February 2018. The City completed construction of five additional homes in 2019. To date, the City has sold four of its eight new homes that have been built.

In June 2018, the City began site work for "Old Carver Station", a new neighborhood development that will consist of six homes in Northwest Florence. The City signed a development partnership agreement with a private investor to build the 6 homes in "Old Carver Station." The City will provide down-payment assistance for buyers of these homes. "Old Carver Station" is located at the corner of Sumter and Alexander streets, directly across from the new R. N. Beck Childhood Education Center. Also in Northwest Florence, the City has completed a streetscape project on Sumter Street which includes street and infrastructure improvements, new sidewalks, curbing and drainage, and bike lanes.

In 2018, the City entered a neighborhood redevelopment partnership with the Greater Florence Habitat for Humanity. Over the next ten years, the City will convey up to three vacant lots each year to Habitat for the construction of new Habitat homes in North, Northwest, and East Florence. The City will also provide up to \$25,000 in construction upgrades for each Habitat home built on these sites. In fiscal year 2020 the City will begin work on a \$270,000 Historic Pine Street Streetscapes project in East Florence to include new sidewalks, curbing, and landscaping. The City will also begin developing new housing plans along Historic Pine Street.

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, 2018. 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 2018 marks the twenty-first 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**

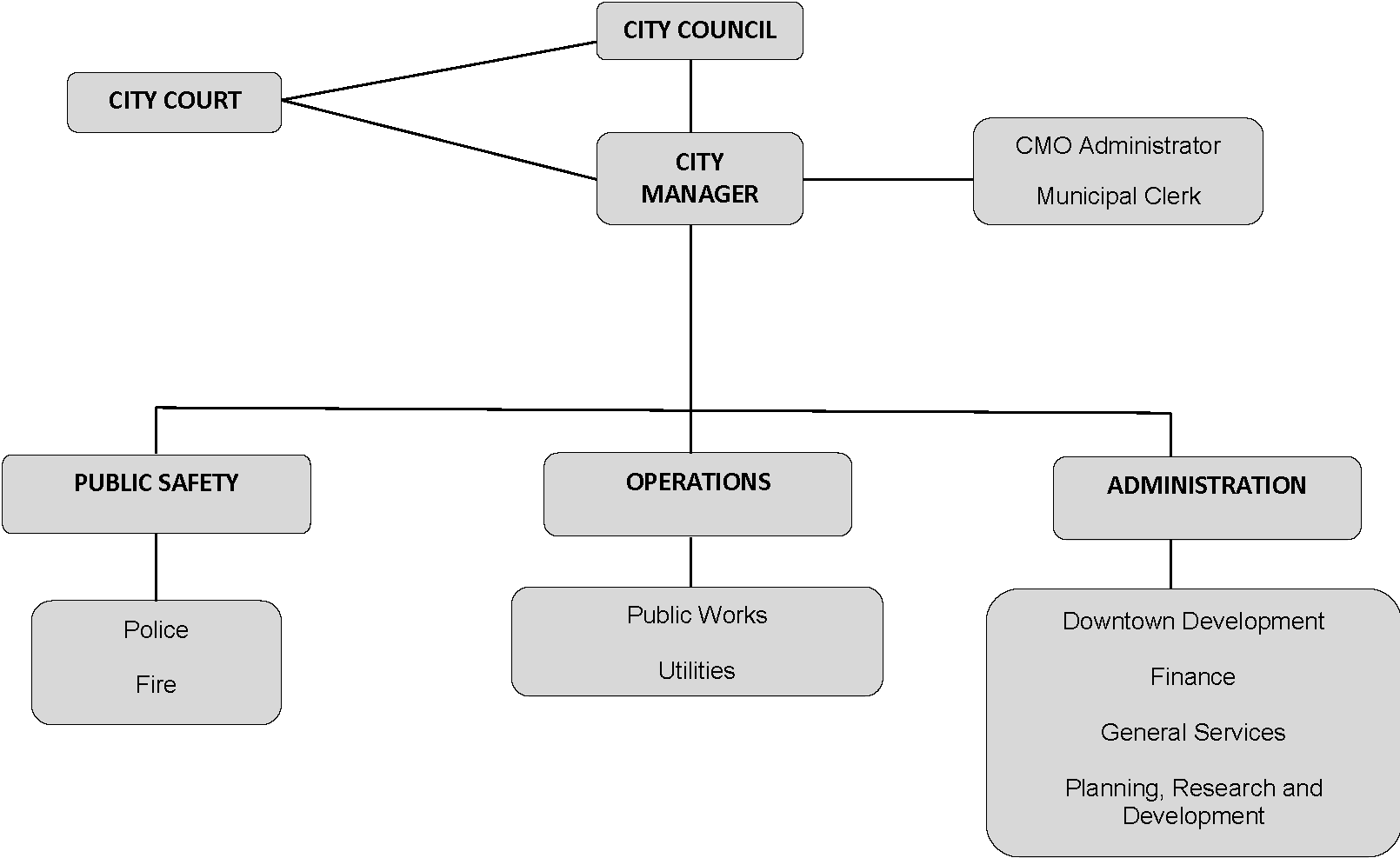
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FY 2018-19**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2019**

GOVERNING BODY

Stephen J. Wukela, Mayor

Frank J. Brand, II, Mayor Pro Tempore

Octavia Williams-Blake

Teresa Myers Ervin

George D. Jebaily

Pat Gibson-Hye Moore

Glynn Willis

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

Raymond R. Reich, Downtown Development Director

Michael D. Hemingway, Utilities Director

Jerry B. Dudley, Planning Manager

James C. Moore, Development Manager

FINANCIAL SECTION

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

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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 AUDITOR'S 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, 2019, 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, 2019, 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 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 Uniform Schedule of Court Fines, Assessments, and Surcharges on Page 144, 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 179, 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 Uniform Schedule of Court 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 Uniform Schedule of Court 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 23, 2019, 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 the effectiveness of the City of Florence, South Carolina's 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.

Burch, Gymer, Heale Co., CPAs, PA

October 23, 2019

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

As management of the City of Florence, South Carolina (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, 2019. 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 and deferred outflows of the City of Florence exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$177,190,079 (*net position*). Of this amount, \$11,256,972 (*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 \$6,291,525 during the fiscal year ended June 30, 2019, with a \$466,490 increase resulting from governmental activities and a \$5,825,035 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 balance of \$50,312,724, a decrease of \$7,021,331 in comparison with the prior year. Approximately 35.2 percent of this total amount, \$17,709,776 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 \$17,709,776, or 44.6 percent of the total general fund expenditures.
- The City of Florence had \$196.4 million in bonds and notes outstanding versus \$195.8 million last year, an increase of \$0.6 million 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 deferred outflows and liabilities and deferred inflows, 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 include the City itself (*known as the primary government*) and one blended component unit, the City of Florence Public Facilities Corporation, which is reported in the Governmental Activities of the primary government.

The government-wide financial statements can be found on pages 35-37 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, Hospitality Fund, and Installment Purchase Revenue Bond Capital Projects Fund, which are all 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 38-41 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 42-43 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 44-47 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 page 48 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 49-86 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 100-145 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 and deferred outflows exceeded liabilities and deferred inflows by \$177,187,119 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (87.0%) 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, \$11,256,972, 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. The governmental activities Unrestricted Net Position is negative primarily due to GASB Statements 68 and 75 requiring the City to accrue net pension liabilities and OPEB liabilities in accordance with GAAP.

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 57,023,695	\$ 62,497,471	\$ 58,179,675	\$ 55,934,154	\$ 115,203,370	\$ 118,431,625
Capital assets	93,865,951	83,748,040	231,107,413	228,520,328	324,973,364	312,268,368
Total assets	<u>150,889,646</u>	<u>146,245,511</u>	<u>289,287,088</u>	<u>284,454,482</u>	<u>440,176,734</u>	<u>430,699,993</u>
Deferred Outflow s	6,239,005	6,879,774	2,048,653	2,319,657	8,287,658	9,199,431
Long-term liabilities	115,138,720	113,764,944	144,054,888	146,077,423	259,193,608	259,842,367
Other liabilities	6,879,876	5,348,453	3,577,036	2,802,752	10,456,912	8,151,205
Total liabilities	<u>122,018,596</u>	<u>119,113,397</u>	<u>147,631,924</u>	<u>148,880,175</u>	<u>269,650,520</u>	<u>267,993,572</u>
Deferred Inflow s	1,512,817	881,140	110,976	126,158	1,623,793	1,007,298
Net Position:						
Net investment in capital assets	51,255,140	45,883,732	102,974,482	101,751,447	154,229,622	147,635,179
Restricted	3,862,325	4,019,313	7,841,160	7,988,039	11,703,485	12,007,352
Unrestricted	<u>(21,520,227)</u>	<u>(16,772,297)</u>	<u>32,777,199</u>	<u>28,028,320</u>	<u>11,256,972</u>	<u>11,256,023</u>
Total net position	<u>\$ 33,597,238</u>	<u>\$ 33,130,748</u>	<u>\$ 143,592,841</u>	<u>\$ 137,767,806</u>	<u>\$ 177,190,079</u>	<u>\$ 170,898,554</u>

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,140,380	\$ 17,282,058	\$ 37,688,509	\$ 36,087,806	\$ 55,828,889	\$ 53,369,864
Operating grants and contributions	2,712,773	2,655,631	-	-	2,712,773	2,655,631
Capital grants and contributions	941,560	1,051,725	191,335	1,190,748	1,132,895	2,242,473
General Revenues:						
Property taxes	11,022,616	10,815,950	-	-	11,022,616	10,815,950
Hospitality fees	4,342,184	4,101,928	-	-	4,342,184	4,101,928
Grants and contributions not restricted to specific programs	9,152,620	9,468,380	-	-	9,152,620	9,468,380
Other	2,203,848	2,521,158	2,473,729	1,368,140	4,677,577	3,889,298
Total Revenues	<u>48,515,981</u>	<u>47,896,830</u>	<u>40,353,573</u>	<u>38,646,694</u>	<u>88,869,554</u>	<u>86,543,524</u>

City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2019	2018	2019	2018	2019	2018
Expenses:						
General Government	9,236,887	12,317,892	-	-	9,236,887	12,317,892
Public Safety	14,208,407	15,066,903	-	-	14,208,407	15,066,903
Public Works	6,037,673	7,500,862	-	-	6,037,673	7,500,862
Culture and Recreation	4,280,394	5,088,425	-	-	4,280,394	5,088,425
Community Development	16,067,752	2,387,177	-	-	16,067,752	2,387,177
Interest on long-term debt	2,088,378	2,149,479	-	-	2,088,378	2,149,479
Water and Sewer	-	-	29,139,836	27,566,748	29,139,836	27,566,748
Stormwater	-	-	1,518,702	1,293,521	1,518,702	1,293,521
Total Expenses	<u>51,919,491</u>	<u>44,510,738</u>	<u>30,658,538</u>	<u>28,860,269</u>	<u>82,578,029</u>	<u>73,371,007</u>
Increase (decrease) in net position before transfers	(3,403,510)	3,386,092	9,695,035	9,786,425	6,291,525	13,172,517
Transfers	<u>3,870,000</u>	<u>3,471,229</u>	<u>(3,870,000)</u>	<u>(3,471,229)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	466,490	6,857,321	5,825,035	6,315,196	6,291,525	13,172,517
Net position - beginning	<u>33,130,748</u>	<u>26,273,427</u>	<u>137,767,806</u>	<u>131,452,610</u>	<u>170,898,554</u>	<u>157,726,037</u>
Net position - ending	<u>\$ 33,597,238</u>	<u>\$ 33,130,748</u>	<u>\$ 143,592,841</u>	<u>\$ 137,767,806</u>	<u>\$ 177,190,079</u>	<u>\$ 170,898,554</u>

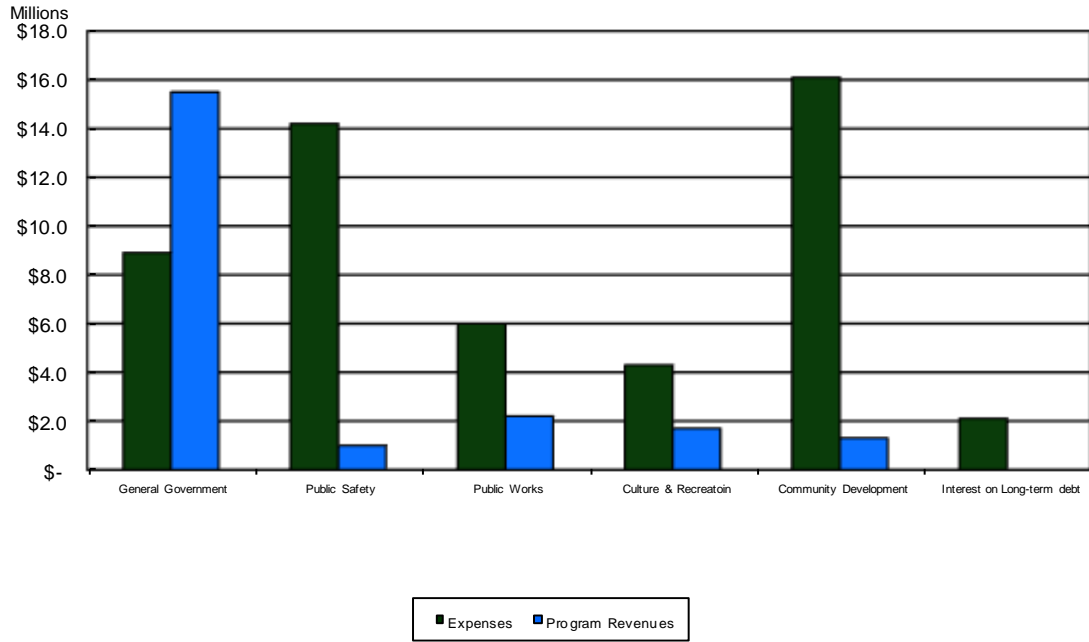
Governmental activities. Governmental activities increased the City of Florence's net position by \$466,490. Key elements of this increase are as follows:

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 \$3,492,702 for capital sales tax projects that are currently under construction within the City.

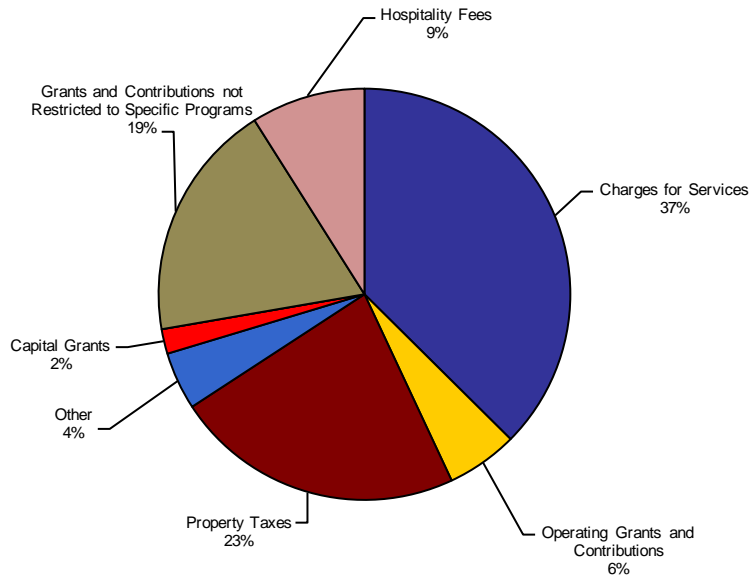
On October 9, 2016 Hurricane Matthew made landfall in South Carolina affecting the Florence area with downed trees, wind damage, flooding, power outages, and damage to the City's infrastructure. The hurricane left approximately 150,000 cubic yards of debris within the City of Florence. In addition to using city personnel and equipment (force labor & equipment) for emergency measures and debris cleanup, the City contracted with three companies for debris removal, grinding, and hauling. The City also contracted the debris monitoring services to ensure compliance with FEMA requirements. The contracted cost for debris removal and monitoring was \$1,762,622. An additional \$1,252,931 in force labor and equipment was used for emergency measures and cleanup efforts. At June 30, 2019, the accounts receivable balance remaining was \$284,589 which is for water and sewer infrastructure damaged during Hurricane Matthew. In addition to \$1,874,445 in reimbursements that had been recognized in prior years and had been accounted for as accounts receivable, the City received another \$212,230 for FEMA reimbursements in Fiscal Year 2018-19.

On November 15, 2017, the City of Florence closed on a \$15 million Installment Purchase Revenue Bond (IPRB), Series 2017, to finance certain recreation related improvements. The IPRB is a 15-year issue with an interest rate of 2.99% that will mature November 1, 2032. The recreation improvements include construction of miscellaneous deferred capital projects, the construction of a sports complex, construction of community centers, upgrades to the Freedom Florence complex, and construction of trail segments throughout the City. In FY 2018-19 the City began several of the recreational projects and expended a total of \$3,325,133.

Expenses and Program Revenues - Governmental Activities



Revenue by Source – Governmental Activities

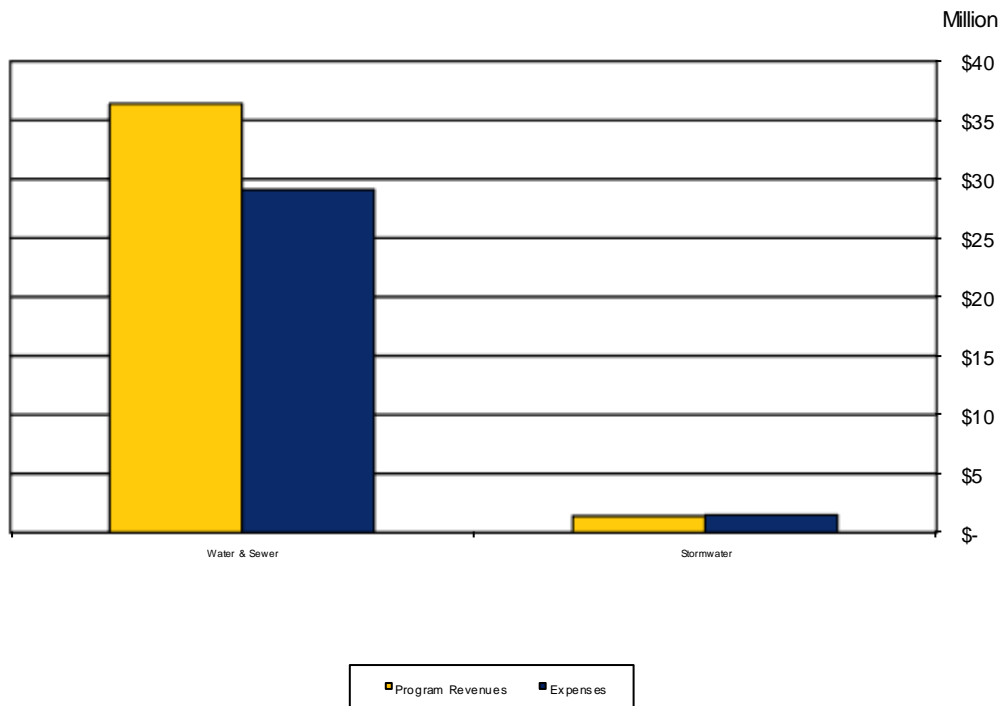


Business-type activities. Business-type activities increased the City of Florence's net position by \$5,825,035, accounting for 92.6 percent of the total growth in the government's net position. Key elements of this increase are as follows:

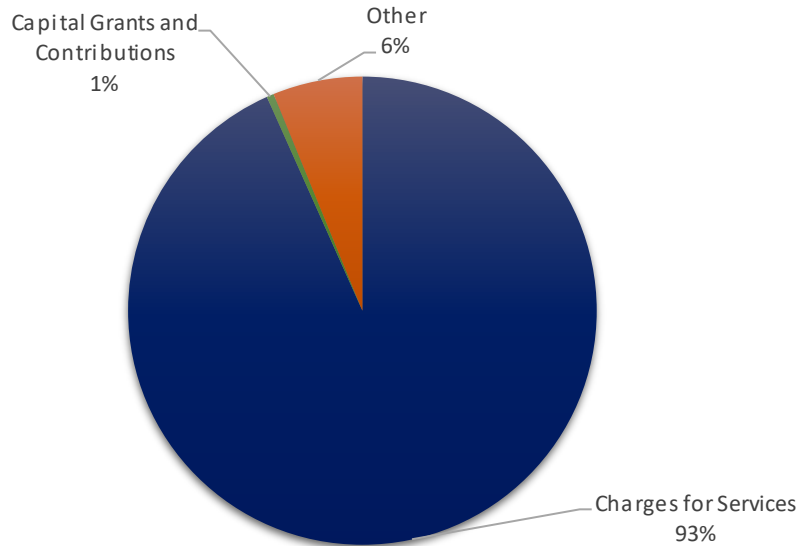
Capital Water and Sewer Projects – In the fiscal year ended June 30, 2019 the City expensed \$4,242,336 for the upgrade and rehabilitation of the water and sewer system acquired in January 2014 from the Town of Timmons ville. These upgrades and rehabilitation are required by a consent decree entered into by the City to bring the system into compliance with federal and state regulation. On August 2, 2019 the City, working with the EPA, submitted the completed closeout package for the consent decree. Additional information on the Town of Timmons ville water and sewer system acquisition is provided in the Transmittal Letter. In addition to the Town of Timmons ville project, the City of Florence expensed \$6,316,628 for other capital projects in the water and sewer enterprise fund. With a combination of the Timmons ville project and other completed water and sewer projects, the City capitalized \$11,586,678 and booked \$7,734,943 in Construction in Process for uncompleted projects.

The stormwater fund expensed \$59,638 toward the completion of several stormwater related projects. The City capitalized \$700,254 in completed stormwater projects and added \$50,821 to Construction in Process for projects that have not been completed.

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 discretionary use as it represents the portion of fund balance that has not yet been limited to use by an external party or the City itself.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$50,312,724, a decrease of \$7,021,331 in comparison with the prior year. Approximately 35.2 percent of this total amount or \$17,709,776 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form: \$6,659,506, 2) restricted for particular purposes: \$22,670,970, 3) committed for particular purposes: \$375, or 4) assigned for particular purposes: \$3,272,097. 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 \$17,709,776, while total fund balance was \$27,307,161. 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 44.6 percent of total general fund expenditures, while total fund balance represents 68.8 percent of that same amount.

During the current fiscal year the City's fund balance of the General Fund increased by \$10,331,566. This amount represents a 60.9% increase. The most significant contributor to the increase in Fund Balance was the receipt of \$7,100,000 from the issuance of Bond Anticipation Notes (BAN) to be used for the purchase of several parcels of property in the downtown redevelopment area for a future economic development project. An additional \$1,183,000 was recognized in higher than anticipated collection of Property Taxes, Business Licenses, Building Permits, and Interest Revenue. Additionally, City Council adopted an ordinance to recognize funds from Local Option Sales Tax which had previously been designated for property tax credits to be used for certain General Fund purposes. This additional revenue will be used to fund the debt service for future economic development. The additional revenue received from Sales Tax collections was \$1,238,000.

The Hospitality Fund has a total fund balance of \$2,471,357, an increase of 31.9%. The increase is largely due to approximately \$555,000 in unexpended grant funds for construction of the City's Soccer Complex Pavilion. The City has been granted a total of \$2,434,000 by the Doctors Bruce and Lee Foundation for the construction of the pavilion, with the funds being granted over 3 years.

The City maintains a TIF Debt Service Fund to receive tax revenue generated by a Tax Increment Financing (TIF) district. These funds are generated from the difference between the current assessed value of each parcel of property within the district and the 2006 assessed value of each parcel. The increase in overall assessed value in the TIF district applied to the tax millage of all taxing entities in Florence County participating in and contributing to the TIF creates the tax revenue used to repay bonds issued to construct public purpose projects within the district. The entire fund balance of \$862,082 is committed for the repayment of the TIF bonds.

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 \$783,344 is committed for the repayment of City's general obligation debt.

The City of Florence Public Facilities Corporation was established in fiscal year 2017-18 to provide for the issuance of the 2017 Installment Purchase Revenue Bonds (IPRB). This bond issue provided funds needed to complete the recreational projects as outlined in the Base Lease agreement between the City of Florence Public Facilities Corporation and the City of Florence.

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 fiscal year amounted to \$32,777,199. The total growth in the net position was \$5,825,035. 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 \$3,873,300 greater than the original budget of \$35,770,000. City Council amended the General Fund budget twice during the fiscal year that ended June 30, 2019. The first amendment increased From Unappropriated Reserve revenues by \$2,339,600 for the re-appropriation of funds to fund projects and purchase equipment budgeted in fiscal year 2017-18 but deferred until fiscal year 2018-19. The first amendment also increased From Unappropriated Reserve revenues by \$551,500 to fund projects and purchases which were not anticipated during the development and adoption of the FY 2018-19 budget. The second amendment increased Miscellaneous Revenues by \$35,600 to provide for donations received to fund the acquisition of a sculpture of James Allen to be placed in the James Allen Plaza. Also increased was Insurance Reimbursement Revenues in the amount of \$76,600 to replace a damaged traffic signal pole and repair various City park facilities damaged during Hurricane Florence. Lastly, the second amendment increased From Unappropriated Reserves in the amount of \$870,000 for projects and purchases which were not included in the FY 2018-19 budget.

Original Budget vs Final Budget Variances

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Licenses, Permits and Fees	\$ 13,185,000	\$ 13,410,600	\$ 225,600	1.71 %
Governmental Reimbursements	3,173,800	3,190,000	16,200	0.51 %
Permits and Fees	2,577,000	2,467,500	(109,500)	-4.25 %
Fines and Forfeitures	407,600	319,500	(88,100)	-21.61 %
Miscellaneous Revenue	376,000	349,000	(27,000)	-7.18 %
Other Funding Sources	200,000	3,961,100	3,761,100	1,880.55 %
Transfers	5,295,000	5,390,000	<u>95,000</u>	1.79 %
			\$ 3,873,300	

Original Budget vs Final Budget Variances - Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
Expenditures				
City Council	\$ 336,060	\$ 340,630	\$ 4,570	1.36%
Legal Services	137,190	142,230	5,040	3.67%
City Court	596,340	569,510	(26,830)	-4.50%
City Manager	477,340	488,450	11,110	2.33%
Finance and Accounting	943,490	939,770	(3,720)	-0.39%
Human Resources	644,570	647,550	2,980	0.46%
Community Services	380,300	408,210	27,910	7.34%
Police	9,579,230	9,895,930	316,700	3.31%
Fire	5,927,070	5,912,600	(14,470)	-0.24%
Beautification and Facilities	3,249,970	3,307,570	57,600	1.77%
Sanitation	3,652,000	3,895,410	243,410	6.67%
Equipment Maintenance	503,460	495,600	(7,860)	-1.56%
Recreation Services/Sports Tourism	1,401,390	1,651,270	249,880	17.83%
Athletic Programs	1,727,850	2,221,390	493,540	28.56%
Planning Research and Development	381,650	440,250	58,600	15.35%
Building Inspections and Permits	483,090	530,930	47,840	9.90%
Debt Service	1,240,500	1,243,700	3,200	0.26%
Other Employee Benefits	733,100	758,100	25,000	3.41%
General Insurance/Claims	580,000	700,200	120,200	20.72%
Community Programs	363,000	563,600	200,600	55.26%
Non-Departmental	2,432,400	4,490,400	2,058,000	84.61%
			<u>\$ 3,873,300</u>	

Significant variance - Budget to Actual

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Governmental Reimbursements	\$ 3,190,000	\$ 4,593,691	\$ 1,403,691	44.00%
Expenditures				
Athletic Programs	\$ 2,221,390	\$ 1,643,970	\$ (577,420)	-25.99%
Non-Departmental	4,490,400	3,499,092	<u>(991,308)</u>	-22.08%
			<u>\$ (1,568,728)</u>	

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, 2019, amounts to \$364,973,363 (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 \$12,770,368 (a 12.08 percent increase for governmental activities and a 1.16 percent increase 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.

In fiscal year 2018-19 the City purchased properties totaling \$5,196,161. Of this amount, properties totaling \$4,651,703 were purchased for later development and improvements in the downtown area. Additional properties purchased totaling \$185,875 will be utilized in the City's efforts to improve blighted neighborhoods and provide affordable housing to lower income citizens. The remaining \$358,583 was used for the acquisition of the former Florence Museum building and property.

The City has arranged several funding sources to complete approximately \$12.7 million in projects designed to bring Town of Timmons ville 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 Timmons ville System conveyance agreement, the City assumed, as a junior lien, a \$6.1 million Rural Development Loan from the Town of Timmons ville. Additionally, upon conveyance, the City paid off an obligation of the Timmons ville System held by BB&T in the amount of \$343,751. Additional information on the Town of Timmons ville water and sewer system acquisition is provided in the Transmittal Letter. During fiscal year 2018-19 the City expended \$4,272,366 to bring the Timmons ville 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, 2019 the City has expended \$18,144,517 in Capital Sales Tax funds.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 19,005,739	\$ 15,917,043	\$ 2,322,986	\$ 2,415,540	\$ 21,328,725	\$ 18,332,583
Buildings and Systems	29,480,982	29,701,901	217,568,084	213,073,887	247,049,066	242,775,788
Infrastructure	21,850,786	19,426,488	-	-	21,850,786	19,426,488
Machinery and Equipment	5,237,599	5,772,960	3,314,291	3,104,152	8,551,890	8,877,112
Construction in Process	18,290,845	12,929,648	7,902,052	9,861,377	26,192,897	22,791,025
Totals	<u>\$ 93,865,951</u>	<u>\$ 83,748,040</u>	<u>\$ 231,107,413</u>	<u>\$ 228,454,956</u>	<u>\$ 324,973,364</u>	<u>\$ 312,202,996</u>

Additional information on the City's capital assets can be found in note IV.C beginning on page 63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total general obligation bonded debt outstanding of \$10,795,778, which is backed by the full faith and credit of the government. Other bonds totaling \$148,353,771 are backed by specified revenue sources; the remaining \$42,748,946 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		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 10,795,778	\$ 6,046,942	\$ -	\$ -	\$ 10,795,778	\$ 6,046,942
Revenue Bonds	56,682,000	58,333,000	91,671,771	94,944,511	148,353,771	153,277,511
Notes Payable	350,000	749,554	36,923,800	35,726,808	37,273,800	36,476,362
Capital Leases	5,475,146	6,088,630	-	-	5,475,146	6,088,630
Totals	<u>\$ 73,302,924</u>	<u>\$ 71,218,126</u>	<u>\$ 128,595,571</u>	<u>\$ 130,671,319</u>	<u>\$ 201,898,495</u>	<u>\$ 201,889,445</u>

The City's total debt increased by \$9,050 (less than 1 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 \$14,115,416 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$10,012,434 by \$4,102,982.

Additional information on the City of Florence's long-term debt can be found in note IV. E and F beginning on page 65 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 2020 fiscal year:

- Amounts available in FY 2018-19 for appropriation in the General Fund are for \$35.77 million, a decrease of 9% from the FY 2017-18 final revised budget of \$39.28 million. The City's budget amendments were reviewed earlier in this report.
- In FY 2019-20 the City's total millage rate increased to 61.8 mills due to property tax reassessment. The total millage includes 59.1 operating mills and 2.7 debt service mills. The 0.9 mill increase in total millage is due mainly to the sale of Carolinas Hospital System, a for profit hospital, to the Medical University of South Carolina (MUSC), a state agency. As state agencies are not subject to property tax, this sale removed approximately \$5.5 million of assessed value from the City's total assessed value for millage calculation.
- The Florence area unemployment rate decreased 31% from 4.5% in fiscal year 2018 to 3.1% in fiscal year 2019.

As for the City's business-type activities, we expect that the 2020 results will also improve based on the following:

- Based on recommendations of a comprehensive ten-year rate study completed by an independent rate consultant, City Council approved an ordinance in 2010 incorporating the recommended rates. This ordinance increases the water and sewer rates incrementally each year through fiscal year 2020.
- Beginning in FY 2019-20, the City will begin a 3 year process to replace approximately the 37,000 meters within the City's combined water and sewer systems which are not on the Flexnet system. This system was first installed and replaced all of the meters in the Timmonsville system after the Timmonsville system was acquired by the City of Florence in 2014. The Flexnet system will offer more accurate reading and will reduce the cost associated with reading meters.

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

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City of Florence, South Carolina
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,108,037	\$ 7,406,137	\$ 27,514,174
Receivables	5,457,940	6,799,507	12,257,447
Inventories	6,659,506	297,658	6,957,164
Investments	8,246,810	35,725,672	43,972,482
Restricted cash and cash equivalents	1,848,127	7,950,701	9,798,828
Restricted investments	14,703,275	-	14,703,275
Capital assets not being depreciated:			
Land	19,005,739	2,322,986	21,328,725
Construction in progress	18,290,845	7,902,052	26,192,897
Capital assets net of accumulated depreciation:			
Buildings and systems	29,480,982	217,568,084	247,049,066
Machinery and equipment	5,237,599	3,314,291	8,551,890
Infrastructure	<u>21,850,786</u>	<u>-</u>	<u>21,850,786</u>
TOTAL ASSETS	<u>150,889,646</u>	<u>289,287,088</u>	<u>440,176,734</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	5,409,074	1,757,056	7,166,130
Deferred OPEB charges	<u>829,931</u>	<u>291,597</u>	<u>1,121,528</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,239,005</u>	<u>2,048,653</u>	<u>8,287,658</u>
LIABILITIES			
Accounts payable	2,482,728	1,308,368	3,791,096
Retainage payable	940,576	463,886	1,404,462
Accrued interest payable	247,202	1,712,334	1,959,536
Other liabilities	733,580	92,448	826,028
Unearned revenue	2,475,790	-	2,475,790
Noncurrent liabilities			
Long-term obligations - Due within one year	10,836,533	5,446,855	16,283,388
Due in more than one year -			
Long-term obligations	65,202,245	123,875,086	189,077,331
Net pension liability	30,287,864	11,636,812	41,924,676
Net OPEB liability	<u>8,812,078</u>	<u>3,096,135</u>	<u>11,908,213</u>
TOTAL LIABILITIES	<u>122,018,596</u>	<u>147,631,924</u>	<u>269,650,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	1,425,593	80,330	1,505,923
Deferred OPEB credits	<u>87,224</u>	<u>30,646</u>	<u>117,870</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,512,817</u>	<u>110,976</u>	<u>1,623,793</u>
NET POSITION			
Net investment in capital assets	51,255,140	102,974,482	154,229,622
Restricted			
Debt service	751,477	7,841,160	8,592,637
Community development	2,311,731	-	2,311,731
Public safety	659,852	-	659,852
Tourism	139,265	-	139,265
Unrestricted	<u>(21,520,227)</u>	<u>32,777,199</u>	<u>11,256,972</u>
TOTAL NET POSITION	<u>\$ 33,597,238</u>	<u>\$ 143,592,841</u>	<u>\$ 177,190,079</u>

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, 2019

<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	\$ 9,236,887	\$ 14,282,134	\$ 269,947	\$ 941,560
Public safety	14,208,407	934,158	116,816	-
Public works	6,037,673	2,255,868	-	-
Culture and recreation	4,280,394	668,220	1,031,267	-
Community development	16,067,752	-	1,294,743	-
Interest on long-term debt	2,088,378	-	-	-
Total governmental activities	<u>51,919,491</u>	<u>18,140,380</u>	<u>2,712,773</u>	<u>941,560</u>
Business-type activities:				
Water and sewer	29,139,836	36,365,890	-	125,545
Stormwater	1,518,702	1,322,619	-	65,790
Total business-type activities	<u>30,658,538</u>	<u>37,688,509</u>	<u>-</u>	<u>191,335</u>
Total primary government	<u>\$ 82,578,029</u>	<u>\$ 55,828,889</u>	<u>\$ 2,712,773</u>	<u>\$ 1,132,895</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
\$ 6,256,754	\$ -	\$ 6,256,754
(13,157,433)	-	(13,157,433)
(3,781,805)	-	(3,781,805)
(2,580,907)	-	(2,580,907)
(14,773,009)	-	(14,773,009)
<u>(2,088,378)</u>	<u>-</u>	<u>(2,088,378)</u>
<u>(30,124,778)</u>	<u>-</u>	<u>(30,124,778)</u>
-	7,351,599	7,351,599
-	(130,293)	(130,293)
<u>-</u>	<u>7,221,306</u>	<u>7,221,306</u>
<u>(30,124,778)</u>	<u>7,221,306</u>	<u>(22,903,472)</u>
11,022,616	-	11,022,616
4,342,184	-	4,342,184
9,152,620	-	9,152,620
837,750	930,193	1,767,943
1,366,098	1,543,536	2,909,634
<u>3,870,000</u>	<u>(3,870,000)</u>	<u>-</u>
<u>30,591,268</u>	<u>(1,396,271)</u>	<u>29,194,997</u>
466,490	5,825,035	6,291,525
<u>33,130,748</u>	<u>137,767,806</u>	<u>170,898,554</u>
<u>\$ 33,597,238</u>	<u>\$ 143,592,841</u>	<u>\$ 177,190,079</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, 2019

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Florence County Penny II Capital Projects Fund</u>	<u>2016 TIF Construction Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 13,181,936	\$ 1,892,759	\$ 1,174,867	\$ -	\$ 909,922	\$ 2,948,553	\$ 20,108,037
Receivables							
Property taxes, less allowance for doubtful accounts	180,171	-	-	-	-	5,764	185,935
Due from other governmental agencies	3,355,355	-	-	1,169,514	-	328,967	4,853,836
Other	13,837	404,332	-	-	-	-	418,169
Due from other funds	574,464	-	-	-	-	-	574,464
Investments	8,246,810	-	-	-	-	-	8,246,810
Inventories	6,325,288	-	-	-	-	334,218	6,659,506
Restricted cash and cash equivalents	-	986,045	-	-	-	862,082	1,848,127
Restricted investments	-	-	10,989,660	-	3,713,615	-	14,703,275
TOTAL ASSETS	\$ 31,877,861	\$ 3,283,136	\$ 12,164,527	\$ 1,169,514	\$ 4,623,537	\$ 4,479,584	\$ 57,598,159
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,198,778	\$ 731,117	\$ -	\$ -	\$ 248,450	\$ 304,383	\$ 2,482,728
Retainage payable	84,292	80,662	-	591,923	166,108	17,591	940,576
Due to other funds	-	-	-	541,159	-	33,305	574,464
Other liabilities	733,543	-	-	-	37	-	733,580
Unearned revenue	2,475,790	-	-	-	-	-	2,475,790
TOTAL LIABILITIES	4,492,403	811,779	-	1,133,082	414,595	355,279	7,207,138
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	78,297	-	-	-	-	-	78,297
Total deferred inflows of resources	78,297	-	-	-	-	-	78,297
Fund balances:							
Nonspendable	6,325,288	-	-	-	-	334,218	6,659,506
Restricted	-	2,471,357	12,164,527	36,432	4,208,942	3,789,712	22,670,970
Committed	-	-	-	-	-	375	375
Assigned	3,272,097	-	-	-	-	-	3,272,097
Unassigned	17,709,776	-	-	-	-	-	17,709,776
TOTAL FUND BALANCES	27,307,161	2,471,357	12,164,527	36,432	4,208,942	4,124,305	50,312,724
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,877,861	\$ 3,283,136	\$ 12,164,527	\$ 1,169,514	\$ 4,623,537	\$ 4,479,584	\$ 57,598,159

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, 2019

Total fund balances for governmental funds \$ 50,312,724

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 (\$133,097,938) less accumulated depreciation (\$39,231,987). 93,865,951

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. (26,304,383)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds. 78,297

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (84,355,351)

Net position of governmental activities \$ 33,597,238

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, 2019

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Florence County Penny II Capital Projects Fund</u>	<u>2016 TIF Construction Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 10,544,233	\$ -	\$ -	\$ -	\$ -	\$ 481,372	\$ 11,025,605
Licenses, permits and fees	14,194,184	4,342,184	-	-	-	269,758	18,806,126
Intergovernmental	4,840,786	-	-	3,555,957	-	2,210,863	10,607,606
Charges for services	3,143,544	-	-	-	-	144,075	3,287,619
Fines and forfeitures	327,772	-	-	-	-	-	327,772
Investment earnings	158,328	1,285	324,608	-	329,114	24,415	837,750
Miscellaneous	3,908,287	3,675,000	-	-	-	147,629	7,730,916
TOTAL REVENUES	<u>37,117,134</u>	<u>8,018,469</u>	<u>324,608</u>	<u>3,555,957</u>	<u>329,114</u>	<u>3,278,112</u>	<u>52,623,394</u>
Expenditures							
Current:							
General government	7,713,553	884,368	-	-	-	-	8,597,921
Public safety	14,347,567	-	-	-	-	235,476	14,583,043
Public works	6,486,423	-	-	-	-	-	6,486,423
Culture and recreation	3,313,499	1,014,598	-	-	-	102,797	4,430,894
Community development	-	-	3,325,133	-	11,566,962	1,196,359	16,088,454
Debt service:							
Principal	1,669,884	2,847,000	-	-	-	750,718	5,267,602
Interest	614,953	263,730	-	-	-	1,190,574	2,069,257
Capital outlay	5,558,750	1,150,527	-	3,481,692	2,459,815	907,299	13,558,083
TOTAL EXPENDITURES	<u>39,704,629</u>	<u>6,160,223</u>	<u>3,325,133</u>	<u>3,481,692</u>	<u>14,026,777</u>	<u>4,383,223</u>	<u>71,081,677</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,587,495)</u>	<u>1,858,246</u>	<u>(3,000,525)</u>	<u>74,265</u>	<u>(13,697,663)</u>	<u>(1,105,111)</u>	<u>(18,458,283)</u>
Other Financing Sources (Uses)							
Issuance of debt	7,100,000	-	-	-	-	-	7,100,000
Capital leases	252,400	-	-	-	-	-	252,400
Insurance proceeds	214,552	-	-	-	-	-	214,552
Transfers in	5,352,109	-	-	-	-	249,444	5,601,553
Transfers out	-	(1,260,000)	-	(113,976)	-	(357,577)	(1,731,553)
NET OTHER FINANCING SOURCES (USES)	<u>12,919,061</u>	<u>(1,260,000)</u>	<u>-</u>	<u>(113,976)</u>	<u>-</u>	<u>(108,133)</u>	<u>11,436,952</u>
NET CHANGES IN FUND BALANCES	<u>10,331,566</u>	<u>598,246</u>	<u>(3,000,525)</u>	<u>(39,711)</u>	<u>(13,697,663)</u>	<u>(1,213,244)</u>	<u>(7,021,331)</u>
Fund balances at beginning of year	16,975,595	1,873,111	15,165,052	76,143	17,906,605	5,337,549	57,334,055
FUND BALANCES AT END OF YEAR	<u>\$ 27,307,161</u>	<u>\$ 2,471,357</u>	<u>\$ 12,164,527</u>	<u>\$ 36,432</u>	<u>\$ 4,208,942</u>	<u>\$ 4,124,305</u>	<u>\$ 50,312,724</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, 2019

Net change in fund balances-total governmental funds \$ (7,021,331)

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 (\$13,558,084) exceeded depreciation (\$3,804,859) in the current period. 9,753,225

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. 364,686

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. (2,989)

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. (2,084,798)

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. (608,385)

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. 66,082

Change in net position of governmental activities \$ 466,490

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 10,415,600	\$ 10,415,600	\$ 10,544,233	\$ 128,633
Licenses, permits and fees	13,185,000	13,410,000	14,194,184	784,184
Intergovernmental	3,173,800	3,190,000	4,840,786	1,650,786
Charges for services	2,577,000	2,467,500	3,143,544	676,044
Fines and forfeitures	407,600	319,500	327,772	8,272
Investment earnings	70,000	70,000	158,328	88,328
Miscellaneous	376,000	349,000	3,908,287	3,559,287
TOTAL REVENUES	<u>30,205,000</u>	<u>30,221,600</u>	<u>37,117,134</u>	<u>6,895,534</u>
Expenditures				
Current:				
General government	7,966,830	11,279,590	7,713,553	3,566,037
Public safety	15,121,830	14,682,560	14,347,567	334,993
Public works	6,903,930	6,677,580	6,486,423	191,157
Culture and recreation	3,083,740	3,396,260	3,313,499	82,761
Debt service:				
Principal	-	-	1,669,884	(1,669,884)
Interest	-	3,200	614,953	(611,753)
Capital outlay	1,286,770	3,125,440	5,558,750	(2,433,310)
TOTAL EXPENDITURES	<u>34,363,100</u>	<u>39,164,630</u>	<u>39,704,629</u>	<u>(539,999)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,158,100)</u>	<u>(8,943,030)</u>	<u>(2,587,495)</u>	<u>6,355,535</u>
Other Financing Sources				
Issuance of debt	-	7,100,000	7,100,000	-
Capital leases	-	-	252,400	252,400
Insurance proceeds	70,000	70,600	214,552	143,952
Transfers in	4,088,100	1,772,430	5,352,109	3,579,679
NET OTHER FINANCING SOURCES	<u>4,158,100</u>	<u>8,943,030</u>	<u>12,919,061</u>	<u>3,976,031</u>
NET CHANGE IN FUND BALANCES	-	-	10,331,566	10,331,566
Fund balances at beginning of year	16,975,595	16,975,595	16,975,595	-
FUND BALANCES AT END OF YEAR	<u>\$ 16,975,595</u>	<u>\$ 16,975,595</u>	<u>\$ 27,307,161</u>	<u>\$ 10,331,566</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, 2019

	<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	\$ 4,240,000	\$ 4,240,000	\$ 4,342,184	\$ 102,184
Investment earnings	5,000	5,000	1,285	(3,715)
Miscellaneous	<u>2,000,000</u>	<u>2,000,000</u>	<u>3,675,000</u>	<u>1,675,000</u>
TOTAL REVENUES	<u>6,245,000</u>	<u>6,245,000</u>	<u>8,018,469</u>	<u>1,773,469</u>
Expenditures				
Current:				
General government	1,411,100	1,426,600	884,368	542,232
Culture and recreation	1,362,500	1,362,500	1,014,598	347,902
Debt service:				
Principal	3,411,400	3,411,400	2,847,000	564,400
Interest	-	-	263,730	(263,730)
Capital Outlay	<u>60,000</u>	<u>87,000</u>	<u>1,150,527</u>	<u>(1,063,527)</u>
TOTAL EXPENDITURES	<u>6,245,000</u>	<u>6,287,500</u>	<u>6,160,223</u>	<u>127,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(42,500)</u>	<u>1,858,246</u>	<u>1,900,746</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>42,500</u>	<u>(1,260,000)</u>	<u>(1,302,500)</u>
NET OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>42,500</u>	<u>(1,260,000)</u>	<u>(1,302,500)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>598,246</u>	<u>598,246</u>
Fund balance at beginning of year	<u>1,873,111</u>	<u>1,873,111</u>	<u>1,873,111</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,873,111</u>	<u>\$ 1,873,111</u>	<u>\$ 2,471,357</u>	<u>\$ 598,246</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, 2019

	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	\$ 5,898,710	\$ 1,507,427	\$ 7,406,137
Accounts receivable, net	5,609,851	107,682	5,717,533
Due from other governmental agencies	1,081,974	-	1,081,974
Investments	35,338,235	387,437	35,725,672
Inventories	297,658	-	297,658
Restricted cash and cash equivalents	7,919,149	31,552	7,950,701
Total current assets	<u>56,145,577</u>	<u>2,034,098</u>	<u>58,179,675</u>
Noncurrent assets:			
Capital assets			
Land	2,010,032	312,954	2,322,986
Buildings and system	306,788,621	7,276,938	314,065,559
Construction in progress	7,842,956	59,096	7,902,052
Machinery and equipment	8,635,261	1,623,109	10,258,370
Less accumulated depreciation	<u>(96,475,567)</u>	<u>(6,965,987)</u>	<u>(103,441,554)</u>
Total capital assets (net of accumulated depreciation)	<u>228,801,303</u>	<u>2,306,110</u>	<u>231,107,413</u>
Total noncurrent assets	<u>228,801,303</u>	<u>2,306,110</u>	<u>231,107,413</u>
TOTAL ASSETS	<u>284,946,880</u>	<u>4,340,208</u>	<u>289,287,088</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	1,639,919	117,137	1,757,056
Deferred OPEB charges	<u>280,382</u>	<u>11,215</u>	<u>291,597</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,920,301</u>	<u>128,352</u>	<u>2,048,653</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,295,822	12,546	1,308,368
Retainage payable	459,192	4,694	463,886
Accrued interest	1,710,821	1,513	1,712,334
Other liabilities	87,828	4,620	92,448
Compensated absences - current	144,000	2,700	146,700
Notes payable - current	2,447,591	-	2,447,591
Revenue bonds payable - current	<u>2,517,564</u>	<u>335,000</u>	<u>2,852,564</u>
Total current liabilities	<u>8,662,818</u>	<u>361,073</u>	<u>9,023,891</u>
Noncurrent liabilities:			
Accrued compensated absences	552,388	27,282	579,670
Notes payable	34,476,209	-	34,476,209
Revenue bonds payable	88,469,207	350,000	88,819,207
Net pension liability	10,861,024	775,788	11,636,812
Net OPEB liability	<u>2,977,053</u>	<u>119,082</u>	<u>3,096,135</u>
Total noncurrent liabilities	<u>137,335,881</u>	<u>1,272,152</u>	<u>138,608,033</u>
TOTAL LIABILITIES	<u>145,998,699</u>	<u>1,633,225</u>	<u>147,631,924</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	74,974	5,356	80,330
Deferred OPEB credits	<u>29,468</u>	<u>1,178</u>	<u>30,646</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,442</u>	<u>6,534</u>	<u>110,976</u>
NET POSITION			
Net investment in capital assets	101,353,372	1,621,110	102,974,482
Restricted for debt service	7,841,160	-	7,841,160
Unrestricted	<u>31,569,508</u>	<u>1,207,691</u>	<u>32,777,199</u>
TOTAL NET POSITION	<u>\$ 140,764,040</u>	<u>\$ 2,828,801</u>	<u>\$ 143,592,841</u>

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, 2019

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
Operating Revenues			
Current use charges	\$ 35,410,623	\$ -	\$ 35,410,623
Miscellaneous	1,533,696	9,840	1,543,536
Water and sewer tap fees	955,267	-	955,267
Stormwater service fees	-	1,322,619	1,322,619
Total operating revenues	<u>37,899,586</u>	<u>1,332,459</u>	<u>39,232,045</u>
Operating Expenses			
Personnel	5,298,212	226,188	5,524,400
Employee benefits	2,860,079	101,186	2,961,265
Purchased services	6,648,760	433,009	7,081,769
Supplies and materials	1,662,464	8,122	1,670,586
Other operating expenses	1,575,492	46,127	1,621,619
Depreciation and amortization	8,731,231	427,112	9,158,343
Total operating expenses	<u>26,776,238</u>	<u>1,241,744</u>	<u>28,017,982</u>
Operating Income	<u>11,123,348</u>	<u>90,715</u>	<u>11,214,063</u>
Nonoperating Revenues (Expenses)			
Investment earnings	914,247	15,946	930,193
Economic development	(975,184)	-	(975,184)
Miscellaneous revenues	2,182,166	-	2,182,166
Gain (loss) on disposal of assets	21,504	(250,911)	(229,407)
Interest expense	(3,592,084)	(26,047)	(3,618,131)
Total nonoperating revenues (expenses)	<u>(1,449,351)</u>	<u>(261,012)</u>	<u>(1,710,363)</u>
Income Before Transfers and Capital Contributions	9,673,997	(170,297)	9,503,700
Capital Contributions	<u>125,545</u>	<u>65,790</u>	<u>191,335</u>
Income Before Transfers	<u>9,799,542</u>	<u>(104,507)</u>	<u>9,695,035</u>
Transfers			
Transfers out	(3,760,000)	(110,000)	(3,870,000)
Total transfers	<u>(3,760,000)</u>	<u>(110,000)</u>	<u>(3,870,000)</u>
Changes in Net Position	6,039,542	(214,507)	5,825,035
Net position at beginning of year	<u>134,724,498</u>	<u>3,043,308</u>	<u>137,767,806</u>
NET POSITION AT END OF YEAR	<u>\$ 140,764,040</u>	<u>\$ 2,828,801</u>	<u>\$ 143,592,841</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, 2019

	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	\$ 39,526,846	\$ 1,334,264	\$ 40,861,110
Payments to employees for services	(5,316,983)	(240,906)	(5,557,889)
Payments to suppliers for goods and services	(13,736,702)	(582,698)	(14,319,400)
Other receipts	<u>3,715,862</u>	<u>9,840</u>	<u>3,725,702</u>
Net cash provided by operating activities	<u>24,189,023</u>	<u>520,500</u>	<u>24,709,523</u>
Cash flows from noncapital financing activities			
Transfers out	<u>(3,760,000)</u>	<u>(110,000)</u>	<u>(3,870,000)</u>
Net cash used in noncapital financing activities	<u>(3,760,000)</u>	<u>(110,000)</u>	<u>(3,870,000)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(10,464,400)	(148,565)	(10,612,965)
Principal payments on revenue bonds and notes	(5,255,918)	(325,000)	(5,580,918)
Proceeds from issuance of bonds and notes	3,505,170	-	3,505,170
Interest on bonds and notes	<u>(3,613,737)</u>	<u>(26,764)</u>	<u>(3,640,501)</u>
Net cash used in capital and related financing activities	<u>(15,828,885)</u>	<u>(500,329)</u>	<u>(16,329,214)</u>
Cash flows from investing activities			
Investment purchases	(5,080,483)	278,055	(4,802,428)
Investment income	<u>914,247</u>	<u>15,946</u>	<u>930,193</u>
Net cash provided (used) by investing activities	<u>(4,166,236)</u>	<u>294,001</u>	<u>(3,872,235)</u>
Net increase in cash and cash equivalents	433,902	204,172	638,074
Cash and cash equivalents at beginning of year	<u>13,383,957</u>	<u>1,334,807</u>	<u>14,718,764</u>
Cash and cash equivalents at end of year	<u>\$ 13,817,859</u>	<u>\$ 1,538,979</u>	<u>\$ 15,356,838</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 5,898,710	\$ 1,507,427	\$ 7,406,137
Restricted cash and cash equivalents	<u>7,919,149</u>	<u>31,552</u>	<u>7,950,701</u>
Total cash and cash equivalents	<u>\$ 13,817,859</u>	<u>\$ 1,538,979</u>	<u>\$ 15,356,838</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	\$ 11,123,348	\$ 90,715	\$ 11,214,063
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,665,859	427,112	9,092,971
Amortization	65,372	-	65,372
Non-cash pension expense	346,963	24,784	371,747
(Increase) decrease in:			
Receivables	3,161,256	11,645	3,172,901
Prepaid expenses	92,632	-	92,632
Inventories	(70,552)	-	(70,552)
Increase (decrease) in:			
Accounts payable	721,202	(5,810)	715,392
Retainage payable	101,714	(13,228)	88,486
Accrued expenses	(7,202)	(24)	(7,226)
Compensated absences	(11,569)	(14,694)	(26,263)
	<u>\$ 24,189,023</u>	<u>\$ 520,500</u>	<u>\$ 24,709,523</u>
Net cash provided by operating activities			
Non-cash Investing, Capital and Financing Activities:			
Contributed assets	<u>\$ 125,545</u>	<u>\$ 65,790</u>	<u>\$ 191,335</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, 2019

Assets

Cash and cash equivalents	\$ 353,951
Investments	<u>63,737</u>

TOTAL ASSETS	\$ <u>417,688</u>
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Liabilities

Due to others	<u>\$ 417,688</u>
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TOTAL LIABILITIES	\$ <u>417,688</u>
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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, 2019

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, building inspections and permitting, codes enforcement, planning and zoning, public improvements, water and sewer, stormwater and general administrative services.

As required by GAAP, the financial statements must present the City of Florence's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City of Florence both appoints a voting majority of the entity's governing body, and either 1) the City of Florence is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City of Florence. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City of Florence and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City of Florence.

In order to be considered fiscally independent an entity must have the authority to do all of the following: (a) determine its budget without the City of Florence having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City of Florence; and (c) issue bonded debt without approval by the City of Florence. An entity has a financial benefit or burden relationship with the City of Florence if, for example, any one of the following conditions exists: (a) the City of Florence is legally entitled to or can otherwise access the entity's resources, (b) the City of Florence is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to, the entity, or (c) the City of Florence is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City of Florence's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City of Florence. Based on the criteria above, the City reports one blended component unit but has no component units to discretely present. The blended component unit does not issue separate financial statements.

Blended component unit – City of Florence Public Facilities Corporation is a single purpose corporate entity which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential City functions in connection with the issuance of tax-exempt certificates of participation, limited obligation bonds and installment purchase revenue bonds to finance such facilities. Since the corporation is governed by a board of directors appointed by City Council and solely exists for the benefit of the City, then the data of the component unit are blended with the data of the City. The reported fund is the Installment Purchase Revenue Bond Capital Projects Fund.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 Center. Both the City and County contributed \$637,307 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2019. Any additional funding shortfall is to be paid equally by the City and County. The Florence 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 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. Likewise, the primary government is to be reported separately from certain legally separate component units for which the primary government is financially accountable. The City of Florence reports no legally separate component units other than the above mentioned blended component unit.

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.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Fund Types (Continued)

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, Neighborhood Redevelopment, JAG Grant and Sunday Local Option Revenue Fund.

Debt Service Funds - Debt Service Funds are governmental funds that are used to account for funds needed to make principal and interest payments on outstanding debt issues. The funds consist of the TIF Revenue and Debt Service and Other Debt Service Funds.

Capital Projects Funds - Capital Project Funds are governmental funds that are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. The funds consist of the 2016 TIF Construction Projects, Florence County Penny Tax II and the Installment Purchase Revenue Bond Capital Projects Fund.

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, Florence Area Humane Society, Eat Smart Move More and Police Benevolence Fund.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. *Installment Purchase Revenue Bond Capital Projects Fund*. This fund is used to account for the financial resources that are restricted, committed, or assigned through proceeds from the sale of installment purchase revenue bonds to fund expenditures associated with the purchase of and improvements made to City owned facilities. *2016 TIF Construction Capital Projects Fund*. This fund is used to account for revenues received and paid from the TIF funds. *Florence County Penny Tax II*. This fund is used to account for various construction projects paid from the penny tax collections.

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.

New Accounting Pronouncements

During the fiscal year ended June 30, 2019, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

The primary objective of Statement 83 is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain ARO's, including obligations that may not have been previously reported.

The primary objective of Statement 84 is to increase consistency in accounting and financial reporting for debt extinguishments.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Accounting Pronouncements (Continued)

The primary objective of Statement 88 is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The GASB has issued the following new statements:

- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2021;
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending June 30, 2021;
- Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*, which will be effective for the year ending June 30, 2020; and
- Statement No.91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2022.

The City is currently reviewing these statements and plans on adoption, as required.

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 consist of supplies held for consumption and real property held for resale for economic development or the City's neighborhood redevelopment program. Inventory in the Enterprise Fund consist of supplies held for consumption. Inventory in the Rollcart and Equipment Replacement fund consist of rollcars 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 are provided.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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 acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements that produce permanent benefits, such as fill and grading costs that ready land for structures and landscaping, are capitalized but not depreciated. Improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots, fencing, modern greens and certain other golf course improvements, are depreciated. Impaired capital assets are written down or off, based on the nature and extent of damage, deterioration or other impairment.

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 acquisition 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 and Unavailable Revenues

In the government-wide financial statements, and in the governmental fund types and the proprietary fund types in the fund financial statements, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for unearned revenue. Unearned revenue in the government-wide statements and in the fund financial statements, governmental funds, is represented by various deposits on contracts. In the fund financial statements governmental funds report certain assets that are not yet available to finance expenditures for the current fiscal period and are classified as unavailable revenue and reported as a deferred inflow of resources. Unavailable revenue in the governmental funds is primarily represented by taxes receivable and amounts due from other governments.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 \$176.4 million for the 2018 tax year. The City's property tax rate for fiscal year 2019 was 60.9 mills (operating 58.1, 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.

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

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 may 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. Compensated absences that are expected to be liquidated with expendable financial resources as a result of employee resignations and retirements as of the end of the fiscal year are reported as an expenditure and a fund liability of the government fund that will pay it.

9. Short-Term and Long-Term Obligations and Interest Expense

In the government-wide financial statements and proprietary fund financial statements, short-term debt, 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Short-Term and Long-Term Obligations and Interest Expense (Continued)

In the proprietary funds (and for the governmental funds, in the government-wide statements) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is shown as a deferred outflow or inflow of resources and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt.

10. Deferred Outflows/Inflows of Resources

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 two types 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 and *deferred OPEB charges* with its defined benefit post-employment healthcare plan. These deferred 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.

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 three 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 and (3) *Deferred OPEB credits* with its defined benefit post-employment healthcare plan. 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.”

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

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.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

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 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. 75.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:
 - Quoted prices for similar assets and liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted market prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology that are unobservable for an asset or liability and include:
 - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

16. Tax Abatement Agreements

During the year ended June 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2019, the City did not have any such agreements, either entered into by the City or other governments that exceeded the quantitative threshold for disclosure.

17. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The principal operating revenues for the City's proprietary funds are charges to customers in the form of fees for sales and services. Operating expenses for the proprietary funds include contractual management services, salaries and benefits, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

18. Lease Accounting

Revenue from land and building rentals or other leased sites is accounted for under the operating lease method. Leases are normally for periods of one to ten years with options to renew. However certain leases associated with economic development initiatives, where long-term bonded debt was issued, cover periods for the repayment of such indebtedness. Lease costs are deferred and amortized to expenses over the life of the lease.

19. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them are not presented on the financial statements. Interfund loans may occur between two funds. Short-term interfund loans outstanding at year-end are recorded as interfund receivables/payables and are expected to be paid within one year. Advances to/from other funds represent long-term interfund loans receivable and payable. Reimbursements result when one fund makes an expenditure on behalf of another. Reimbursements reduce expenditures in the reimbursed fund and increase those in the reimbursing fund.

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	\$ (247,202)
Capital leases payable	(5,475,146)
Notes payable	(350,000)
General obligation bonds payable	(10,795,778)
Revenue bonds payable	(56,682,000)
Compensated absences	(2,735,854)
OPEB liability payable	<u>(8,069,371)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (84,355,351)</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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 \$(2,989) difference are as follows:

Deferred revenue – current year	\$ 78,297
Deferred revenue – prior year	<u>(81,286)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,989)</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 \$(2,084,798) difference are as follows:

Issuance of debt	\$ (7,352,400)
Payment of long-term debt principal	<u>5,267,602</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,084,798)</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 \$66,082 difference are as follows:

Compensated absences – current year	\$ (2,735,854)
Compensated absences – prior year	2,679,075
Accrued interest – current year accrual	(247,202)
Accrued interest – prior year accrual	266,323
Net OPEB liability – current year accrual	<u>103,740</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 66,082</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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, 2019, 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, 2019, the City's bank balance was \$29,542,172, 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 \$1,848,127 at June 30, 2019, in the Governmental Funds is comprised of grant funds. Restricted cash of \$7,950,701 in the Enterprise Fund includes \$462,640 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

In February, 2017, the City awarded its cash management contract to First Citizens Bank for the next five years.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2019, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
South Carolina Local Government Investment Pool	<u>\$ 58,675,757</u>	<u>\$ 58,675,757</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, 2019, 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, 2019, 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 30, 2019, none of the City's investments are exposed to credit risk.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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

B. Receivables

Receivables as of June 30, 2019, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities	General	Hospitality	Florence County Penny II Capital Projects	Non-major Governmental Funds	Total Governmental Activities
Taxes	\$ 242,557	\$ -	\$ -	\$ 26,531	\$ 269,088
Intergovernmental	3,355,355	-	1,169,514	308,200	4,833,069
Other	13,837	404,332	-	-	418,169
Gross receivables	3,611,749	404,332	1,169,514	334,731	5,520,326
Less: Allowance for uncollectibles	(62,386)	-	-	-	(62,386)
Total receivables (net)	<u>\$ 3,549,363</u>	<u>\$ 404,332</u>	<u>\$ 1,169,514</u>	<u>\$ 334,731</u>	<u>\$ 5,457,940</u>
Business-Type Activities	Water and Sewer	Stormwater Utility	Total Business-type Activities		
Accounts receivable	\$ 5,805,072	\$ 111,784	\$ 5,916,856		
Intergovernmental	1,081,974	-	1,081,974		
Gross receivables	6,887,046	111,784	6,998,830		
Less: Allowance for uncollectibles	(195,221)	(4,102)	(199,323)		
Total receivables (net)	<u>\$ 6,691,825</u>	<u>\$ 107,682</u>	<u>\$ 6,799,507</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, 2019, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 78,297	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	5,010
Local option sales tax receivable	-	2,470,780
	<u>\$ 78,297</u>	<u>\$ 2,475,790</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

C. Capital Assets

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

	Balances June 30, 2018	Increases	Decreases	Transfers	Balances June 30, 2019
Capital assets not being depreciated:					
Land	\$ 15,917,043	\$ 3,377,794	\$ 289,098	\$ -	\$ 19,005,739
Construction in progress	<u>12,929,648</u>	<u>9,494,638</u>	<u>17,775</u>	<u>(4,115,666)</u>	<u>18,290,845</u>
Total capital assets not being depreciated	<u>28,846,691</u>	<u>12,872,432</u>	<u>306,873</u>	<u>(4,115,666)</u>	<u>37,296,584</u>
Capital assets being depreciated:					
Buildings	35,267,816	92,567	321,464	828,220	35,867,139
Machinery and equipment	19,627,825	968,144	732,594	61,837	19,925,212
Infrastructure	<u>36,189,587</u>	<u>566,500</u>	<u>-</u>	<u>3,252,916</u>	<u>40,009,003</u>
Total capital assets being depreciated	<u>91,085,228</u>	<u>1,627,211</u>	<u>1,054,058</u>	<u>4,142,973</u>	<u>95,801,354</u>
Less accumulated depreciation for:					
Buildings	(5,565,915)	(880,241)	(59,999)	-	(6,386,157)
Machinery and equipment	(13,854,865)	(1,529,500)	(723,668)	(26,916)	(14,687,613)
Infrastructure	<u>(16,763,099)</u>	<u>(1,395,118)</u>	<u>-</u>	<u>-</u>	<u>(18,158,217)</u>
Total accumulated depreciation	<u>(36,183,879)</u>	<u>(3,804,859)</u>	<u>(783,667)</u>	<u>(26,916)</u>	<u>(39,231,987)</u>
Total capital assets being depreciated, net	<u>54,901,349</u>	<u>(2,177,648)</u>	<u>270,391</u>	<u>4,116,057</u>	<u>56,569,367</u>
Governmental activities capital assets, net	<u>\$ 83,748,040</u>	<u>\$ 10,694,784</u>	<u>\$ 577,264</u>	<u>\$ 391</u>	<u>\$ 93,865,951</u>

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

	Balances June 30, 2018	Increases	Decreases	Transfers	Balances June 30, 2019
Capital assets not being depreciated:					
Land	\$ 2,415,540	\$ -	\$ 92,554	\$ -	\$ 2,322,986
Construction in progress	<u>9,861,378</u>	<u>10,878,369</u>	<u>95,323</u>	<u>(12,742,372)</u>	<u>7,902,052</u>
Total capital assets not being depreciated	<u>12,276,918</u>	<u>10,878,369</u>	<u>187,877</u>	<u>(12,742,372)</u>	<u>10,225,038</u>
Capital assets being depreciated:					
Buildings and system	302,079,352	191,335	947,500	12,742,372	314,065,559
Machinery and equipment	<u>9,462,462</u>	<u>1,047,546</u>	<u>224,330</u>	<u>(27,308)</u>	<u>10,258,370</u>
Total capital assets being depreciated	<u>311,541,814</u>	<u>1,238,881</u>	<u>1,171,830</u>	<u>12,715,064</u>	<u>324,323,929</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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

C. Capital Assets (Continued)

	Balances			Transfers	Balances
	June 30, 2018	Increases	Decreases		June 30, 2019
Less accumulated depreciation for:					
Buildings and system	(89,005,466)	(8,257,905)	(765,896)	-	(96,497,475)
Machinery and equipment	<u>(6,358,310)</u>	<u>(835,066)</u>	<u>(222,380)</u>	<u>26,917</u>	<u>(6,944,079)</u>
Total accumulated depreciation	<u>(95,363,776)</u>	<u>(9,092,971)</u>	<u>(988,276)</u>	<u>26,917</u>	<u>(103,441,554)</u>
Total capital assets being depreciated, net	<u>216,178,038</u>	<u>(7,854,090)</u>	<u>183,554</u>	<u>12,741,981</u>	<u>220,882,375</u>
Business-type activities capital assets, net	<u>\$ 228,454,956</u>	<u>\$ 3,024,279</u>	<u>\$ 371,431</u>	<u>\$ (391)</u>	<u>\$ 231,107,413</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 698,136
Public safety		630,135
Public works		1,250,317
Culture and recreation		<u>1,226,271</u>
Total depreciation - governmental activities		<u>\$ 3,804,859</u>
Business-Type Activities		
Water and sewer		\$ 8,665,859
Stormwater		<u>427,112</u>
Total depreciation - business-type activities		<u>\$ 9,092,971</u>

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2019 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 574,464	\$ -
Nonmajor governmental	<u>-</u>	<u>574,464</u>
Total	<u>\$ 574,464</u>	<u>\$ 574,464</u>

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers for the year ended June 30, 2019, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 5,352,109	\$ -
Hospitality fund	-	1,260,000
Florence County Penny II Capital Projects Fund	-	113,976
Nonmajor governmental funds	<u>249,444</u>	<u>357,577</u>
Total governmental funds	<u>5,601,553</u>	<u>1,731,553</u>
Water and sewer enterprise fund	-	3,760,000
Nonmajor enterprise funds	<u>-</u>	<u>110,000</u>
Total enterprise funds	<u>-</u>	<u>3,870,000</u>
Total transfers out	<u>\$ 5,601,553</u>	<u>\$ 5,601,553</u>

The transfers consist primarily of \$3,760,000 to General Fund from Water and Sewer Enterprise Fund and \$1,260,000 to General Fund from Hospitality Fund based on budgetary authorization.

Transfers are used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowing to the Debt Service Fund to establish mandatory reserve accounts, and (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.

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	\$ 3,073,147
Buildings	5,300,000
Less: accumulated depreciation	<u>(1,771,844)</u>
Total	<u>\$ 6,601,303</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2019, were as follows:

<u>Year Ending</u> <u>June 30,</u>	
2020	\$ 714,366
2021	661,903
2022	620,353
2023	437,585
2024	437,585
2025-2029	1,950,000
2030-2032	<u>1,560,000</u>
	6,381,792
Less amount representing interest	<u>906,646</u>
	<u>\$ 5,475,146</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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

F. Long-Term Debt

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Tax Increment Revenue Bonds	\$ 35,570,000	\$ -	\$ -	\$ 35,570,000	\$ -
Direct borrowing and direct placement notes:					
General obligations bonds	6,046,942	-	2,351,164	3,695,778	1,117,390
Hospitality Revenue Bonds	7,763,000	-	847,000	6,916,000	886,000
Installment Purchase Rev Bond	15,000,000	-	804,000	14,196,000	829,000
Bond Anticipation Notes	-	7,100,000	-	7,100,000	7,100,000
US HUD Section 108 Loan	749,554	-	399,554	350,000	65,000
Total direct borrowing and direct placement notes	29,559,496	7,100,000	4,401,718	32,257,778	9,997,390
Capital leases	6,088,630	252,400	865,884	5,475,146	579,143
Compensated absences	2,679,075	3,427,178	3,370,399	2,735,854	260,000
	<u>\$ 73,897,201</u>	<u>\$ 10,779,578</u>	<u>\$ 8,638,001</u>	<u>\$ 76,038,778</u>	<u>\$ 10,836,533</u>
<u>Business-Type Activities</u>					
2010A Series Water & Sewer Revenue Bonds	\$ 2,225,000	\$ -	\$ 2,225,000	\$ -	\$ -
2010B Series Water & Sewer Revenue Bonds	67,995,000	-	-	67,995,000	-
2016 Series Water & Sewer Revenue Bonds	14,405,000	-	-	14,405,000	2,260,000
Bond premium	1,424,401	-	472,797	951,604	-
Total bonds payable	86,049,401	-	2,697,797	83,351,604	2,260,000
Direct borrowing and direct placement notes:					
Water and Sewer SRF Notes	35,726,808	3,505,170	2,308,178	36,923,800	2,447,591
2006 Series Stormwater Revenue Bonds	1,010,000	-	325,000	685,000	335,000
2014 Series RD Water & Sewer Revenue Bonds	5,591,494	-	109,883	5,481,611	114,184
2015 Series Water & Sewer Revenue Bonds	2,293,616	-	140,060	2,153,556	143,380
Total direct borrowing and direct placement notes	44,621,918	3,505,170	2,883,121	45,243,967	3,040,155
Compensated absences					
Water and sewer	714,112	899,566	917,290	696,388	144,000
Stormwater	38,521	27,843	36,382	29,982	2,700
	<u>752,633</u>	<u>927,409</u>	<u>953,672</u>	<u>726,370</u>	<u>146,700</u>
	<u>\$ 131,423,952</u>	<u>\$ 4,432,579</u>	<u>\$ 6,534,590</u>	<u>\$ 129,321,941</u>	<u>\$ 5,446,855</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.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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

F. Long-Term Debt (Continued)

General obligation bonds payable from governmental activities at June 30, 2019 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. \$ 2,945,778

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. 750,000

In December 2018, the City issued a \$4,200,000 General Obligation Bond Anticipation Note, Tax exempt Series 2018B for land acquisition, property demolition and infrastructure in downtown Florence. The bond anticipation note has a 2.65% interest rate and matures on December 2, 2019. 4,200,000

In December 2018, the City issued a \$2,900,000 General Obligation Bond Anticipation Note, Taxable Series 2018A for land acquisition, property demolition and infrastructure in downtown Florence. The bond anticipation note has a 3.49% interest rate and matures on December 2, 2019 2,900,000
\$ 10,795,778

Revenue bonds payable from governmental activities at June 30, 2019 are as follows:

In November, 2016, the City issued a \$9,055,000 Revenue Bond. The bond is for capital improvements in the downtown area and related issuance costs. The bond has a 3.83% interest rate and requires semi-annual interest payments and annual principal payments. This bond is secured by revenues generated by the City's tax increment financing district. The bond matures June 30, 2035. \$ 9,055,000

In November, 2016, the City issued a \$26,515,000 Revenue Bond. The bond is for capital improvements in the downtown area and related issuance costs. The bond has a 3.83% interest rate and requires semi-annual interest payments and annual principal payments. This bond is secured by revenues generated by the City's tax increment financing district. The bond matures June 30, 2047. 26,515,000

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 a 2.60% interest rate and requires semi-annual interest payments and annual principal payments. This bond is secured by the City's hospitality fee. The bond matures April 1, 2024. 2,459,000

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

F. Long-Term Debt (Continued)

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. This bond is secured by the City's hospitality fee. The bond matures June 1, 2021.

471,000

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. This bond is secured by the City's hospitality fee. The bond matures June 1, 2034.

3,986,000

In November 2017, the City through the Public Facilities Corporation issued a \$15,000,000 Installment Purchase Revenue Bond. The bond is being used to construct, acquire or renovate certain buildings and facilities on City owned property for use by the City and to acquire and install certain equipment. The City leases the assets acquired with the proceeds from the installment purchase revenue bond under a Base Lease Agreement and Municipal Facilities Purchase and Occupancy Agreement. For financial reporting purposes the City accounts for the installment purchase revenue bond as its own debt. The bond has a 2.99% interest rate and requires semi-annual interest payments and annual principal payments. This bond is secured by certain recreation facilities owned by the City. The bond matures November 1, 2032.

14,196,000

Total revenue bonds

\$ 56,682,000

Notes payable from governmental activities at June 30, 2019 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%. The note was refinanced in February 2019 in order to lower the interest rate to 2.58%. 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.

\$ 350,000

Total notes payable

\$ 350,000

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

Year Ending June 30,	Bonds		Direct Borrowing and Direct Placement Notes	
	Principal	Interest	Principal	Interest
2020	\$ -	\$ 1,372,578	\$ 9,997,390	\$ 936,274
2021	150,000	1,370,890	2,230,187	655,425
2022	230,000	1,366,385	2,112,573	590,880
2023	315,000	1,359,394	2,189,567	527,332
2024	385,000	1,349,734	2,292,191	461,116
2025-2029	2,765,000	6,488,366	7,235,870	1,506,821
2030-2034	4,050,000	5,855,881	6,200,000	446,068
2035-2039	7,185,000	4,789,431	-	-
2040-2044	11,155,000	3,182,797	-	-
2045-2049	9,335,000	527,475	-	-
	<u>\$ 35,570,000</u>	<u>\$ 27,662,931</u>	<u>\$ 32,257,778</u>	<u>\$ 5,123,916</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

F. Long-Term Debt (Continued)

Year Ending June 30,	Capital Leases		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2020	\$ 580,965	\$ 133,402	\$ 10,578,355	\$ 2,442,253
2021	524,465	116,664	2,904,652	2,142,979
2022	518,158	102,196	2,860,731	2,059,461
2023	348,965	88,621	2,853,532	1,975,346
2024	1,677,742	319,842	4,354,933	2,130,692
2025-2029	1,824,851	125,480	11,825,721	8,120,667
2030-2034	-	-	10,250,000	6,301,949
2035-2039	-	-	7,185,000	4,789,431
2040-2044	-	-	11,155,000	3,182,797
2045-2049	-	-	9,335,000	527,475
	<u>\$ 5,475,146</u>	<u>\$ 886,205</u>	<u>\$ 73,302,924</u>	<u>\$ 33,673,050</u>

Remedies for events of default

The City's outstanding notes and bonds from direct borrowings and direct placements related to governmental activities in the outstanding principal amount of \$29,559,496 contain the following provisions in the event of default:

The General Obligation Bonds are backed by the full faith, credit, and taxing power of the City of Florence. In the event of default, the State Treasurer shall withhold from the City moneys from any state appropriation to which the City may be entitled and apply the withheld funds to payment of the principal and interest of the defaulted bonds. The bondholders may also petition the court to order the City to levy ad valorem taxes with sufficient collections to provide for the principal and interest payments. General Obligation Bonds unconditionally obligate the City to levy and collect ad valorem taxes to pay the debt service. In the event of default on the US HUD Section 108 Loan, the US HUD shall withhold CDBG funds sufficient to pay the principal, and interest payments.

The Hospitality Revenue Bonds are secured by revenue generated by the City's Hospitality Tax on prepared food and beverage sales within the City. In the event of default the bank as lender may declare all outstanding bonds in default immediately due and payable. The bank shall proceed to protect and enforce its rights and the rights of the bondholders by suits, actions, or proceedings as the bank shall deem expedient.

The Installment Purchase Revenue Bonds are secured by certain City Recreation Facilities offered as collateral to the lending bank. In the event the City of Florence does not annually appropriate installment payments to the City of Florence Public Facilities Corporation (the Corporation) as outlined in the Base Lease Agreement between the City and the Corporation, the City loses its rights to use the facilities specified in the Base Lease Agreement which is pledged as collateral. The bank as lender shall proceed to protect and enforce its rights by suits, actions, or proceedings as the bank shall deem expedient.

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2019
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	\$ 67,995,000
	Series 2014	6,004,585	1.875	3/28/2053	5,481,611
	Series 2015	2,702,348	2.35	6/1/2032	2,153,556
	Series 2016	14,405,000	1.75	9/1/2024	<u>14,405,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					90,035,167

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

F. Long-Term Debt (Continued)

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

	<u>Date of Issuance</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2019</u>
<i>Secured by Stormwater Utility Fund Revenues</i>					
Revenue Bonds	Series 2006	4,000,000	2.65	6/2/2021	685,000
Total Revenue Bonds					<u>\$ 90,720,167</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 1999	\$ 2,767,997	2.25	3/1/2020	\$ 135,880
	May 2000	6,210,343	2.25	7/1/2029	3,031,999
	January 2003	2,517,834	2.25	2/1/2030	1,329,007
	June 2009	18,808,277	2.81	4/1/2031	12,255,669
	May 2013	10,626,372	1.90	4/1/2034	8,297,113
	September 2013	3,890,000	1.90	9/1/2034	3,037,462
	September 2014	1,750,566	1.00	4/1/2045	1,490,941
	June 2018*	2,260,938	1.00	12/1/2048	2,122,482
	June 2018*	5,730,149	1.00	2/1/2049	5,223,247
Total Notes Payable					<u>\$ 36,923,800</u>

* The City began drawing down on two notes from the South Carolina Water Quality Revolving Fund Authority in June 2018. The total loan amount available to the City for the Timmonsville water and sewer system rehabilitation is \$7,991,087. As of June 30, 2019, the City had drawn \$7,528,447 of this amount which is included in construction in progress and in notes payable.

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Direct Borrowing and Direct Placement Notes</u>		<u>Total Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,260,000	\$ 4,538,480	\$ 3,037,904	\$ 839,313	\$ 5,297,904	\$ 5,377,793
2021	2,290,000	4,492,980	2,967,231	778,695	5,257,231	5,271,675
2022	2,345,000	4,446,630	2,668,593	718,058	5,013,593	5,164,688
2023	2,405,000	4,375,080	2,721,138	665,512	5,126,138	5,040,592
2024	2,500,000	4,276,980	2,774,894	611,757	5,274,894	4,888,737
2025-2029	16,975,000	19,069,336	14,725,307	2,207,655	31,700,307	21,276,991
2030-2034	21,230,000	13,436,531	10,018,520	893,870	31,248,520	14,330,401
2035-2039	25,895,000	6,227,755	2,913,218	408,975	28,808,218	6,636,730
2040-2044	6,500,000	204,100	1,354,411	269,689	7,854,411	473,789
2045-2049	-	-	1,034,636	150,340	1,034,636	150,340
2050-2054	-	-	1,028,115	54,844	1,028,115	54,844
	<u>\$ 82,400,000</u>	<u>\$ 61,067,872</u>	<u>\$ 45,243,967</u>	<u>\$ 7,598,708</u>	<u>\$ 127,643,967</u>	<u>\$ 68,666,580</u>

The City's outstanding notes and bonds related to business-type activities from direct borrowings and direct placements in the outstanding principal amount of \$44,621,918 are secured by revenues generated by the City's Water & Sewer system, except for the 2006 Stormwater Revenue bonds which are secured by revenue generated by stormwater fees. All bonds for the business-type activities contain the provision that in an event of default, the Trustee may declare all outstanding bonds in default immediately due and payable. The Trustee shall proceed to protect and enforce its rights and the rights of the bondholders by suits, actions, or proceedings as the Trustee shall deem expedient.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

G. Fund Balances – Governmental Funds

As of June 30, 2019, fund balances are composed of the following:

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	Florence County Penny II Capital Projects Fund	2016 TIF Construction Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable	\$ 6,325,288	\$ -	\$ -	\$ -	\$ -	\$ 334,218	\$ 6,659,506
Restricted for:							
Community Development:							
Housing Partnership	-	-	-	-	-	22,355	22,355
HOME Program	-	-	-	-	-	353,600	353,600
NSP Grant	-	-	-	-	-	94,313	94,313
Block Grant	-	-	-	-	-	242,786	242,786
NSP-3 Grant	-	-	-	-	-	94,361	94,361
Neighborhood Redevelopment	-	-	-	-	-	488,571	488,571
Neighborhood Imp. Program	-	-	-	-	-	48,107	48,107
Public Safety:							
E-911	-	-	-	-	-	353,584	353,584
Victims Services	-	-	-	-	-	84,434	84,434
Drug Control	-	-	-	-	-	174,006	174,006
Federal Equitable Sharing	-	-	-	-	-	13,672	13,672
Public Safety Grants	-	-	-	-	-	35,232	35,232
Capital Projects:							
TIF Revenue & Debt Services	-	-	-	-	-	862,082	862,082
TIF Construction Projects	-	-	-	-	4,208,942	-	4,208,942
Florence County Penny TaxII	-	-	-	36,432	-	-	36,432
Installment Purchase Rev Bonds	-	-	12,164,527	-	-	-	12,164,527
Tourism:							
Accommodation Tax	-	-	-	-	-	87,853	87,853
Sunday Local Option Revenue Fund	-	-	-	-	-	51,412	51,412
Hospitality Fund	-	2,471,357	-	-	-	-	2,471,357
Debt Service	-	-	-	-	-	783,344	783,344
	<u>-</u>	<u>2,471,357</u>	<u>12,164,527</u>	<u>36,432</u>	<u>4,208,942</u>	<u>3,789,712</u>	<u>22,670,970</u>
Committed to:							
JAG Grant	-	-	-	-	-	375	375
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>	<u>375</u>
Assigned to:							
Subsequent Year's Expenditures	1,829,900	-	-	-	-	-	1,829,900
Downtown Redevelopment:							
Incubator Operating Fund	32,042	-	-	-	-	-	32,042
Downtown Revitalization	242,434	-	-	-	-	-	242,434
Capital Projects:							
City Center Reserve Fund	307,427	-	-	-	-	-	307,427
Downtown Florence	822,269	-	-	-	-	-	822,269
Parks and Athletic Programs:							
Recreation Registration	1,635	-	-	-	-	-	1,635
Recreation Projects	17,115	-	-	-	-	-	17,115
Park Commission	4,799	-	-	-	-	-	4,799
Recreation Programs	10,856	-	-	-	-	-	10,856
Employee Assistance	3,620	-	-	-	-	-	3,620
	<u>3,272,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,272,097</u>
Unassigned	17,709,776	-	-	-	-	-	17,709,776
Total Fund Balances	<u>\$27,307,161</u>	<u>\$ 2,471,357</u>	<u>\$ 12,164,527</u>	<u>\$ 36,432</u>	<u>\$ 4,208,942</u>	<u>\$ 4,124,305</u>	<u>\$ 50,312,724</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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 City 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.retirement.sc.gov, or a copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under the system is presented below:

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employee by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Benefits Provided

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the Code of Laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation.

A brief summary of the benefit terms for the system is presented below:

SCRS - A Class Two member who has separated from service with a least 5 or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the 5 or 8 year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions (Continued)

If the most recent annual actuarial valuation of the systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increased employer contribution rates effective July 1, 2017. It also removed the 2.9 percent and 5 percent differential and permitted increases. It also establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

The rates below are based on the employee's earnable compensation as defined in Title 9 of the South Carolina Code of Laws. Required contribution rates for the fiscal years ended June 30, 2019 and June 30, 2018 are as follows:

	2019 Employer Contributions				
	2019 Employee Retirement Contributions	Accidental Death Program		Group Life Insurance Program	Total
	Retirement	Program	Program	Program	
SCRS	9.00%	14.41%	N/A	0.15%	14.56%
PORS	9.75%	16.84%	0.20%	0.20%	17.24%

	2018 Employer Contributions				
	2018 Employee Retirement Contributions	Accidental Death Program		Group Life Insurance Program	Total
	Retirement	Program	Program	Program	
SCRS	9.00%	13.41%	N/A	0.15%	13.56%
PORS	9.75%	15.84%	0.20%	0.20%	16.24%

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions - Continued

The General Assembly funded a one-time credit for employer contributions of one percent for most employers in SCRS for fiscal year 2019 and 2018.

The amount due to SCRS and PORS was \$389,725 at June 30, 2019. The amount was due to PEBA by July 31, 2019 for legally required contributions per the preceding table for the month of June 2019.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan 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 regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. State statute requires that an actuarial experience study be completed at least once in every five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2018 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith & Company (GRS), and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to June 30, 2018 using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions, and methods used to calculate the total pension liability as of June 30, 2018:

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Inflation	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality Table (2016 PRSC), was developed using the systems' mortality experience.

Former Job Class	Males	Females
Educators and judges	2016 PRSC males multiplied by 92%	2016 PRSC females multiplied by 98%
General employees and members of the general assembly	2016 PRSC males multiplied by 100%	2016 PRSC females multiplied by 111%
Public safety and firefighters	2016 PRSC males multiplied by 125%	2016 PRSC females multiplied by 111%

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. Net pension liability totals as of June 30, 2018 for SCRS and PORS is presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as Percentage of the Total Pension Liability</u>
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%
PORS	7,403,972,673	4,570,430,247	2,833,542,426	61.7%

The total pension liability is calculated by the systems' actuary, and each plan fiduciary net position is reported in the systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the systems' notes to the financial statements and required supplementary information. Liability calculations performed by the systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2019, the City reported a liability of \$25,859,580 for SCRS and \$16,065,096 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 and 2017, the City's proportion was:

	<u>2018</u>	<u>2017</u>
SCRS	0.115409%	0.114176%
PORS	0.566962%	0.618510%

For the year ended June 30, 2019, the City recognized pension expense of \$2,640,947 for SCRS and \$1,541,593 for PORS. At June 30, 2019, 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	\$ 46,680	\$ 152,176
Change in assumptions	1,025,963	-
Net difference between projected and actual earnings on pension plan investments	410,780	-
Changes in proportion and differences between City contributions and proportionate share of contributions	606,275	26,335
City contributions subsequent to the measurement date	1,814,872	-
Total	<u>\$ 3,904,570</u>	<u>\$ 178,511</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

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	\$ 494,992	\$ -
Change in assumptions	1,059,250	-
Net difference between projected and actual earnings on pension plan investments	319,755	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,327,412
City contributions subsequent to the measurement date	1,387,563	-
Total	\$ 3,261,560	\$ 1,327,412

\$1,814,872 for SCRS and \$1,387,563 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, 2020. 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
2020	\$ 1,451,954	\$ 289,090
2021	934,739	207,382
2022	(414,031)	44,085
2023	(61,475)	6,028
Total	\$ 1,911,187	\$ 546,585

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 assumptions. The long-term expected rates of return represent assumptions developed using the arithmetic building block approach based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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 Asset Allocation</u>	<u>Expected Arithmetic Real</u>	<u>Long Term Expected Portfolio Real Rate of</u>
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount rate

The discount rate used to measure the total pension liability was 7.25 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, 2019

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 33,043,613	\$ 25,859,580	\$ 20,723,513
PORS	\$ 21,657,774	\$ 16,065,096	\$ 11,484,246

City's Liabilities, Deferred Amounts and Pension Expense

As of June 30, 2018, net pension liability and deferred amounts, and pension expenses for the year ended June 30, 2019 for the City were:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Net pension liability	25,859,580	16,065,096	41,924,676
Deferred pension outflows	3,904,570	3,261,560	7,166,130
Deferred pension inflows	178,511	1,327,412	1,505,923
Pension expense	2,640,947	1,541,593	4,182,540

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the contact information provided above.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

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.

As of December 31, 2018, the most recent measurement date for the plan, there were 531 covered participants; 97 were retirees and their beneficiaries receiving benefits, and 434 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 \$527.40 for retirees and \$1,107.80 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 \$572.40 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 \$457.78 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 increases 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, 2019

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 \$457.78 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 \$228.89 (half of \$457.78) 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.

Net OPEB Liability

The net OPEB liability of \$11,908,213 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Single Discount Rate	4.75%
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Mortality Assumptions	RP-2014 Mortality table for Employees with a 95% multiplier.
Healthcare cost trend rates	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 15 years.
Participation Assumptions	100% of eligible retirees with 25 years or more of experience and 20% of eligible retirees less than 25 years of experience.
Aging Factors	Based on plan specific experience.
Expenses	The investment return assumption is net of the investment expenses; Administrative expenses related to the health care benefits are included in the age-adjusted claims costs.

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.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Target Allocation

The target allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and cash equivalents	5.7%
Fixed income	<u>94.3%</u>
Total	<u>100.0%</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will continue based upon the current OPEB Funding Policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2017	\$ 15,671,469	\$ 3,797,676	\$ 11,873,793
Changes for the year:			
Service cost	404,295	-	404,295
Interest	728,919	-	728,919
Difference between expected and actual experience	28,330	-	28,330
Contributions - employer	-	1,079,728	(1,079,728)
Benefit payments and implicit subsidy credit	(659,281)	(659,281)	-
Net investment income	-	47,396	(47,396)
Net changes	<u>502,263</u>	<u>467,843</u>	<u>34,420</u>
Balance at December 31, 2018	\$ <u>16,173,732</u>	\$ <u>4,265,519</u>	\$ <u>11,908,213</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75%) or 1-percentage-point higher (5.75%) than the current discount rate:

	<u>1% Decrease (3.75%)</u>	<u>Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Total OPEB liability	\$ <u>14,140,313</u>	\$ <u>11,908,213</u>	\$ <u>10,053,221</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2019

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 10,649,537</u>	<u>\$ 11,908,213</u>	<u>\$ 13,467,887</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:

For the year ended June 30, 2019, the City recognized OPEB expense of \$798,311. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,850	\$ -
Net difference between projected and actual earnings on plan investments	158,178	117,870
City contributions subsequent to the measurement date	<u>938,500</u>	<u>-</u>
	<u>\$ 1,121,528</u>	<u>\$ 117,870</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ 27,485
2021	27,485
2022	27,485
2023	12,855
2024	(15,717)
Thereafter	<u>(14,435)</u>
	<u>\$ 65,158</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2019

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, 2019, the outstanding commitments total approximately \$9,350,662.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,362,500 for the year ended June 30, 2019, as its share of the operating, capital, and debt service costs of the Florence 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, 2019 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.

F. Legal Debt Margin

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 \$14,115,416 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$10,012,434 by \$4,102,982.

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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
- Pension Plan Supplementary Information Note
- Other Post-Employment Benefits
 - Schedule of Changes in the Net OPEB Liability and Related Ratios
 - Schedule of Employer Contributions – OPEB
- OPEB Supplementary Information Note

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 Six Fiscal Years

	Year Ended June 30,					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 25,859,580	\$ 25,702,854	\$ 23,600,074	\$ 20,739,324	\$ 19,459,674	\$ 20,273,191
Covered payroll	\$ 11,937,594	\$ 11,496,064	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182	\$ 9,972,880
Proportionate share of the net pension liability as a percentage of covered payroll	216.623%	223.580%	222.267%	203.186%	189.810%	203.283%
Plan fiduciary net position as a percentage of the total pension liability	54.100%	53.300%	52.900%	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 Six Fiscal Years

	Year Ended June 30,					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,814,872	\$ 1,618,738	\$ 1,328,945	\$ 1,174,337	\$ 1,112,568	\$ 1,086,731
Contributions in relation to the contractually required contribution	<u>1,814,872</u>	<u>1,618,738</u>	<u>1,328,945</u>	<u>1,174,337</u>	<u>1,112,568</u>	<u>1,086,731</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 12,464,783	\$ 11,937,594	\$ 11,496,064	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182
Contributions as a percentage of covered payroll	14.56%	13.56%	11.56%	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 Six Fiscal Years

	Year Ended June 30,					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.567%	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 16,065,096	\$ 16,944,567	\$ 15,818,344	\$ 14,284,381	\$ 13,024,941	\$ 14,103,614
Covered payroll	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305	\$ 8,156,983
Proportionate share of the net pension liability as a percentage of covered payroll	204.60%	203.69%	199.25%	175.87%	159.71%	172.90%
Plan fiduciary net position as a percentage of the total pension liability	61.700%	60.900%	60.400%	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 Six Fiscal Years

	Year Ended June 30,					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,387,563	\$ 1,275,132	\$ 1,184,595	\$ 1,090,824	\$ 1,089,163	\$ 1,047,142
Contributions in relation to the contractually required contribution	<u>1,387,563</u>	<u>1,275,132</u>	<u>1,184,595</u>	<u>1,090,824</u>	<u>1,089,163</u>	<u>1,047,142</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,048,512	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305
Contributions as a percentage of covered payroll	17.24%	16.24%	14.24%	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

Pension Plan Supplementary Information Note

For the Year Ended June 30, 2019

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the fiscal year ended June 30, 2018 (the measurement year).

CHANGES OF ASSUMPTIONS

No changes were made to the assumptions during the fiscal year ended June 30, 2018 (the measurement year).

City of Florence, South Carolina

Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 404,295	\$ 391,451
Interest cost	728,919	709,445
Difference between expected and actual experience	28,330	(156,264)
Benefit payments	<u>(659,281)</u>	<u>(412,920)</u>
Net change in total OPEB liability	502,263	531,712
Total OPEB liability - beginning	<u>15,671,469</u>	<u>15,139,757</u>
Total OPEB liability - ending	<u><u>\$16,173,732</u></u>	<u><u>\$ 15,671,469</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,079,728	\$ 893,924
Net investment income	47,396	91,807
Benefit payments	(659,281)	(412,920)
Administrative expense	<u>-</u>	<u>(19,926)</u>
Net change in Plan Fiduciary Net Position	467,843	552,885
Plan Fiduciary Net Position - beginning	<u>3,797,676</u>	<u>3,244,791</u>
Plan Fiduciary Net Position - ending	<u><u>\$ 4,265,519</u></u>	<u><u>\$ 3,797,676</u></u>
Net OPEB Liability	\$11,908,213	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	26.37%	24.23%
Covered payroll	\$17,679,296	\$ 17,047,043
Net OPEB liability as a percentage of covered payroll	67.36%	69.65%

* This schedule is to be built prospectively until it contains ten years of data.

City of Florence, South Carolina

Schedule of Employer Contributions - OPEB

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions	\$ 1,077,489	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(1,079,728)</u>	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>\$ (2,239)</u>	<u>\$ 57,607</u>
Covered Payroll	\$ 17,679,296	\$ 17,047,043
Contributions as a percentage of covered payroll	6.11%	5.24%

Fiscal year 2018 was the first year of implementation of GASB 75, therefore only two years are shown.

City of Florence, South Carolina

OPEB Supplementary Information Note

Year Ended June 30, 2019

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended December 31, 2018 (the measurement date).

No changes in assumptions were made for the measurement date of December 31, 2018.

VALUATION DATE

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

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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.

Neighborhood Redevelopment Program – This fund is used to account for program expenditures to redevelop neighborhoods.

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

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

DEBT SERVICE FUNDS

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

Other Debt Services 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, 2019

	Special Revenue Funds				
	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart and Equipment Replacement	E-911
ASSETS					
Cash and cash equivalents	\$ 22,355	\$ 353,600	\$ 243,255	\$ -	\$ 353,584
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventory	-	-	-	39,377	-
Total assets	<u>\$ 22,355</u>	<u>\$ 353,600</u>	<u>\$ 243,255</u>	<u>\$ 39,377</u>	<u>\$ 353,584</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 469	\$ -	\$ -
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>469</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	39,377	-
Restricted	22,355	353,600	242,786	-	353,584
Committed	-	-	-	-	-
Total fund balances	<u>22,355</u>	<u>353,600</u>	<u>242,786</u>	<u>39,377</u>	<u>353,584</u>
Total liabilities and fund balances	<u>\$ 22,355</u>	<u>\$ 353,600</u>	<u>\$ 243,255</u>	<u>\$ 39,377</u>	<u>\$ 353,584</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>
\$	84,434	\$ 174,067	\$ 13,672	\$ 97,539	\$ 48,107
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<u>\$</u>	<u>84,434</u>	<u>\$ 174,067</u>	<u>\$ 13,672</u>	<u>\$ 97,539</u>	<u>\$ 48,107</u>
\$	-	\$ 61	\$ -	\$ 3,226	\$ -
	-	-	-	-	-
	-	-	-	-	-
	-	61	-	3,226	-
	-	-	-	-	-
	84,434	174,006	13,672	94,313	48,107
	-	-	-	-	-
	84,434	174,006	13,672	94,313	48,107
<u>\$</u>	<u>84,434</u>	<u>\$ 174,067</u>	<u>\$ 13,672</u>	<u>\$ 97,539</u>	<u>\$ 48,107</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2019

	<u>Special Revenue Funds</u>				
	<u>Accommodation Tax</u>	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>	<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 35,232	\$ 96,953	\$ 595,838	\$ -
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	308,200	-	-	-	20,767
Inventory	-	-	-	294,841	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,841</u>	<u>-</u>
Total assets	<u>\$ 308,200</u>	<u>\$ 35,232</u>	<u>\$ 96,953</u>	<u>\$ 890,679</u>	<u>\$ 20,767</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 207,434	\$ -	\$ 2,592	\$ 89,676	\$ -
Retainage payable	-	-	-	17,591	-
Due to other funds	12,913	-	-	-	20,392
	<u>220,347</u>	<u>-</u>	<u>2,592</u>	<u>107,267</u>	<u>20,392</u>
Total liabilities	<u>220,347</u>	<u>-</u>	<u>2,592</u>	<u>107,267</u>	<u>20,392</u>
Fund balances:					
Nonspendable	-	-	-	294,841	-
Restricted	87,853	35,232	94,361	488,571	-
Committed	-	-	-	-	375
	<u>87,853</u>	<u>35,232</u>	<u>94,361</u>	<u>783,412</u>	<u>375</u>
Total fund balances	<u>87,853</u>	<u>35,232</u>	<u>94,361</u>	<u>783,412</u>	<u>375</u>
Total liabilities and fund balances	<u>\$ 308,200</u>	<u>\$ 35,232</u>	<u>\$ 96,953</u>	<u>\$ 890,679</u>	<u>\$ 20,767</u>

<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Total</u>
<u>Sunday Local Option Revenue Fund</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ 52,337	\$ -	\$ 777,580	\$ 2,948,553
-	862,082	-	862,082
-	-	5,764	5,764
-	-	-	328,967
-	-	-	334,218
<u>\$ 52,337</u>	<u>\$ 862,082</u>	<u>\$ 783,344</u>	<u>\$ 4,479,584</u>
\$ 925	\$ -	\$ -	\$ 304,383
-	-	-	17,591
-	-	-	33,305
<u>925</u>	<u>-</u>	<u>-</u>	<u>355,279</u>
-	-	-	334,218
51,412	862,082	783,344	3,789,712
-	-	-	375
<u>51,412</u>	<u>862,082</u>	<u>783,344</u>	<u>4,124,305</u>
<u>\$ 52,337</u>	<u>\$ 862,082</u>	<u>\$ 783,344</u>	<u>\$ 4,479,584</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2019

	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	-	925	-	215,124	-
Intergovernmental	-	-	530,413	-	-
Charges for services	-	-	-	-	144,075
Investment earnings	10	166	-	2	164
Miscellaneous	-	96,143	-	-	-
Total revenues	<u>10</u>	<u>97,234</u>	<u>530,413</u>	<u>215,126</u>	<u>144,239</u>
Expenditures					
Current:					
Public safety	-	-	-	-	142,799
Culture and recreation	-	-	-	-	-
Community development	-	109,892	171,162	-	-
Debt service:					
Principal	-	-	65,000	-	-
Interest	-	-	12,661	-	-
Capital outlay	-	-	39,691	-	-
Total expenditures	<u>-</u>	<u>109,892</u>	<u>288,514</u>	<u>-</u>	<u>142,799</u>
Excess (deficiency) of revenues over (under) expenditures	10	(12,658)	241,899	215,126	1,440
Other financing sources (uses)					
Transfers in (out)	-	-	-	(207,038)	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,038)</u>	<u>-</u>
Net changes in fund balances	10	(12,658)	241,899	8,088	1,440
Fund balances at beginning of year	<u>22,345</u>	<u>366,258</u>	<u>887</u>	<u>31,289</u>	<u>352,144</u>
Fund balances at end of year	<u>\$ 22,355</u>	<u>\$ 353,600</u>	<u>\$ 242,786</u>	<u>\$ 39,377</u>	<u>\$ 353,584</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>
\$ -	\$ -	\$ -	\$ -	\$ -
53,709	-	-	-	-
-	-	13,040	17,971	-
-	-	-	-	-
47	1,749	6	-	24
-	49,005	-	1,406	-
<u>53,756</u>	<u>50,754</u>	<u>13,046</u>	<u>19,377</u>	<u>24</u>
-	38,994	-	-	-
-	-	-	-	-
-	-	-	44,055	18,556
-	-	-	-	-
-	-	-	-	-
-	-	-	228	-
-	<u>38,994</u>	-	<u>44,283</u>	<u>18,556</u>
53,756	11,760	13,046	(24,906)	(18,532)
<u>(78,103)</u>	-	-	<u>34,544</u>	<u>(1,000)</u>
<u>(78,103)</u>	-	-	<u>34,544</u>	<u>(1,000)</u>
(24,347)	11,760	13,046	9,638	(19,532)
<u>108,781</u>	<u>162,246</u>	<u>626</u>	<u>84,675</u>	<u>67,639</u>
<u>\$ 84,434</u>	<u>\$ 174,006</u>	<u>\$ 13,672</u>	<u>\$ 94,313</u>	<u>\$ 48,107</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2019

	Special Revenue Funds				
	Accommodation <u>Tax</u>	Public Safety <u>Grants</u>	NSP-3 <u>Grant</u>	Neighborhood <u>Redevelopment</u>	JAG <u>Grant</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	910,308	-	42,903	-	53,218
Charges for services	-	-	-	-	-
Investment earnings	11	17	-	518	-
Miscellaneous	-	-	1,075	-	-
Total revenues	<u>910,319</u>	<u>17</u>	<u>43,978</u>	<u>518</u>	<u>53,218</u>
Expenditures					
Current:					
Public safety	-	840	-	-	52,843
Culture and recreation	-	-	-	-	-
Community development	822,466	-	30,228	-	-
Debt service:					
Principal	-	-	-	334,554	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	867,380	-
Total expenditures	<u>822,466</u>	<u>840</u>	<u>30,228</u>	<u>1,201,934</u>	<u>52,843</u>
Excess (deficiency) of revenues over (under) expenditures	87,853	(823)	13,750	(1,201,416)	375
Other financing sources (uses)					
Transfers in (out)	-	-	(6,436)	214,900	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,436)</u>	<u>214,900</u>	<u>-</u>
Net change in fund balances	87,853	(823)	7,314	(986,516)	375
Fund balances at beginning of year	<u>-</u>	<u>36,055</u>	<u>87,047</u>	<u>1,769,928</u>	<u>-</u>
Fund balances at end of year	<u>\$ 87,853</u>	<u>\$ 35,232</u>	<u>\$ 94,361</u>	<u>\$ 783,412</u>	<u>\$ 375</u>

<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>		<u>Total</u>
<u>Sunday Local Option Revenue Fund</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 481,372	\$ 481,372
-	-	-	269,758
87,950	555,060	-	2,210,863
-	-	-	144,075
59	21,348	294	24,415
-	-	-	147,629
<u>88,009</u>	<u>576,408</u>	<u>481,666</u>	<u>3,278,112</u>
-	-	-	235,476
102,797	-	-	102,797
-	-	-	1,196,359
-	-	351,164	750,718
-	1,079,278	98,635	1,190,574
-	-	-	907,299
<u>102,797</u>	<u>1,079,278</u>	<u>449,799</u>	<u>4,383,223</u>
(14,788)	(502,870)	31,867	(1,105,111)
<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(108,133)</u>
<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(108,133)</u>
(79,788)	(502,870)	31,867	(1,213,244)
<u>131,200</u>	<u>1,364,952</u>	<u>751,477</u>	<u>5,337,549</u>
<u>\$ 51,412</u>	<u>\$ 862,082</u>	<u>\$ 783,344</u>	<u>\$ 4,124,305</u>

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**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, 2019

	<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	\$ 34,708,000	\$ 34,733,000	\$ 35,410,623	\$ 677,623
Miscellaneous	570,000	620,000	1,533,696	913,696
Water and sewer tap fees	925,000	850,000	955,267	105,267
Total operating revenues	<u>36,203,000</u>	<u>36,203,000</u>	<u>37,899,586</u>	<u>1,696,586</u>
Operating Expenses				
Personnel	5,630,450	5,329,390	5,298,212	31,178
Employee benefits	2,402,630	2,271,400	2,860,079	(588,679)
Purchased services	6,722,110	8,506,410	6,648,760	1,857,650
Supplies and materials	1,639,660	1,767,360	1,662,464	104,896
Other operating expenses	1,080,150	1,156,840	1,575,492	(418,652)
Depreciation and amortization	11,582,000	11,582,000	8,731,231	2,850,769
Total operating expenses	<u>29,057,000</u>	<u>30,613,400</u>	<u>26,776,238</u>	<u>3,837,162</u>
Operating Income	<u>7,146,000</u>	<u>5,589,600</u>	<u>11,123,348</u>	<u>5,533,748</u>
Nonoperating Revenues (Expenses)				
Investment earnings	135,000	135,000	914,247	779,247
Economic development	(1,250,000)	(1,250,000)	(975,184)	274,816
Miscellaneous revenues	1,347,000	1,347,000	2,182,166	835,166
Gain on disposal of assets	-	-	21,504	21,504
Interest expense	-	-	(3,592,084)	(3,592,084)
Appropriation of net position	-	1,289,400	-	(1,289,400)
Total nonoperating revenues (expenses)	<u>232,000</u>	<u>1,521,400</u>	<u>(1,449,351)</u>	<u>(2,970,751)</u>
Income Before Transfers and Capital Contributions	<u>7,378,000</u>	<u>7,111,000</u>	<u>9,673,997</u>	<u>2,562,997</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>125,545</u>	<u>125,545</u>
Income Before Transfers	<u>7,378,000</u>	<u>7,111,000</u>	<u>9,799,542</u>	<u>2,688,542</u>
Transfers				
Transfers out	<u>(8,275,000)</u>	<u>(8,008,000)</u>	<u>(3,760,000)</u>	<u>4,248,000</u>
Changes in Net Position	<u>(897,000)</u>	<u>(897,000)</u>	<u>6,039,542</u>	<u>6,936,542</u>
Net position at beginning of year	<u>134,724,498</u>	<u>134,724,498</u>	<u>134,724,498</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 133,827,498</u>	<u>\$ 133,827,498</u>	<u>\$ 140,764,040</u>	<u>\$ 6,936,542</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, 2019

	<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	\$ 1,310,000	\$ 1,310,000	\$ 1,322,619	\$ 12,619
Miscellaneous	5,500	5,600	9,840	4,240
Total operating revenues	<u>1,315,500</u>	<u>1,315,600</u>	<u>1,332,459</u>	<u>16,859</u>
Operating Expenses				
Personnel	337,260	283,530	226,188	57,342
Employee benefits	143,780	135,510	101,186	34,324
Purchased services	113,660	147,240	433,009	(285,769)
Supplies and materials	21,400	7,620	8,122	(502)
Other operating expenses	30,500	29,900	46,127	(16,227)
Depreciation and amortization	-	-	427,112	(427,112)
Total operating expenses	<u>646,600</u>	<u>603,800</u>	<u>1,241,744</u>	<u>(637,944)</u>
Operating Income	<u>668,900</u>	<u>711,800</u>	<u>90,715</u>	<u>(621,085)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	6,500	6,400	15,946	9,546
Miscellaneous revenues	65,000	65,000	-	(65,000)
Interest expense	-	-	(26,047)	(26,047)
Loss on disposal of assets	-	-	(250,911)	(250,911)
Total nonoperating revenues (expenses)	<u>71,500</u>	<u>71,400</u>	<u>(261,012)</u>	<u>(332,412)</u>
Income Before Transfers and Capital Contributions	740,400	783,200	(170,297)	(953,497)
Capital Contributions	-	-	65,790	65,790
Income Before Transfers	740,400	783,200	(104,507)	(887,707)
Transfers Out	<u>(768,400)</u>	<u>(811,200)</u>	<u>(110,000)</u>	<u>701,200</u>
Changes in Net Position	(28,000)	(28,000)	(214,507)	(186,507)
Net position at beginning of year	<u>3,043,308</u>	<u>3,043,308</u>	<u>3,043,308</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 3,015,308</u>	<u>\$ 3,015,308</u>	<u>\$ 2,828,801</u>	<u>\$ (186,507)</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.

Eat Smart Move More – This fund is used to account for funding received to support projects that increase access to healthy foods and physical activity.

Police Benevolence Fund – This fund is used to account for donations made for police benevolence.

City of Florence, South Carolina
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>
ASSETS				
Cash and cash equivalents	\$ 12,435	\$ 18,287	\$ 66,533	\$ 251,309
Investments	-	-	-	63,737
Total assets	<u>\$ 12,435</u>	<u>\$ 18,287</u>	<u>\$ 66,533</u>	<u>\$ 315,046</u>

LIABILITIES				
Due to others	\$ 12,435	\$ 18,287	\$ 66,533	\$ 315,046
Total liabilities	<u>\$ 12,435</u>	<u>\$ 18,287</u>	<u>\$ 66,533</u>	<u>\$ 315,046</u>

	<u>Florence Area Humane Society</u>	<u>Eat Smart Move More Fund</u>	<u>Police Benevolence Fund</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 852	\$ 4,800	\$ (265)	\$ 353,951
Investments	-	-	-	63,737
Total assets	<u>\$ 852</u>	<u>\$ 4,800</u>	<u>\$ (265)</u>	<u>\$ 417,688</u>

LIABILITIES				
Due to others	\$ 852	\$ 4,800	\$ (265)	\$ 417,688
Total liabilities	<u>\$ 852</u>	<u>\$ 4,800</u>	<u>\$ (265)</u>	<u>\$ 417,688</u>

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	<u>Balance at</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2019</u>
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 6,943	\$ 10,785	\$ 5,293	\$ 12,435
Liabilities				
Due to others	\$ 6,943	\$ 10,785	\$ 5,293	\$ 12,435
<u>Fire Trust</u>				
Assets				
Cash and cash equivalents	\$ 10,845	\$ 122,680	\$ 115,238	\$ 18,287
Liabilities				
Due to others	\$ 10,845	\$ 122,680	\$ 115,238	\$ 18,287
<u>Veterans Park Development</u>				
Assets				
Cash and cash equivalents	\$ 41,217	\$ 44,672	\$ 19,356	\$ 66,533
Liabilities				
Due to others	\$ 41,217	\$ 44,672	\$ 19,356	\$ 66,533
<u>Narcotics Holding Funds</u>				
Assets				
Cash and cash equivalents	\$ 239,033	\$ 60,976	\$ 48,700	\$ 251,309
Investments	62,192	1,545	-	63,737
	<u>\$ 301,225</u>	<u>\$ 62,521</u>	<u>\$ 48,700</u>	<u>\$ 315,046</u>
Liabilities				
Due to others	\$ 301,225	\$ 62,521	\$ 48,700	\$ 315,046
<u>Florence Area Humane Society</u>				
Assets				
Cash and cash equivalents	\$ 1,866	\$ 3,100	\$ 4,114	\$ 852
Liabilities				
Due to others	\$ 1,866	\$ 3,100	\$ 4,114	\$ 852
<u>Eat Smart Move More Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,800	\$ -	\$ 4,800
Liabilities				
Due to others	\$ -	\$ 4,800	\$ -	\$ 4,800

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Funds--Continued
Year Ended June 30, 2019

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>
<u>Police Benevolence Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 45,039	\$ 45,304	\$ (265)
Liabilities				
Due to others	\$ -	\$ 45,039	\$ 45,304	\$ (265)
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 299,904	\$ 292,052	\$ 238,005	\$ 353,951
Investments	62,192	1,545	-	63,737
Total Assets	\$ 362,096	\$ 293,597	\$ 238,005	\$ 417,688
Liabilities				
Due to others	\$ 362,096	\$ 293,597	\$ 238,005	\$ 417,688
Total Liabilities	\$ 362,096	\$ 293,597	\$ 238,005	\$ 417,688

SUPPLEMENTAL SCHEDULES

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City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 3,900,000	\$ 5,235,000	\$ 5,301,659	\$ 66,659
Homestead exemption	295,000	295,000	306,176	11,176
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	6,000	6,000	9,066	3,066
Property tax credits	5,540,000	4,205,000	4,209,911	4,911
PILOT - Housing Authority	140,000	140,000	144,912	4,912
Motor carrier - FILO	105,000	105,000	115,486	10,486
Delinquent taxes	130,000	130,000	157,420	27,420
Total Property Taxes	<u>10,415,600</u>	<u>10,415,600</u>	<u>10,544,233</u>	<u>128,633</u>
Licenses and Fees				
Business and professional license	9,045,000	9,120,000	9,813,950	693,950
Franchise fees	3,930,000	4,100,000	4,180,894	80,894
Delinquent business licenses	210,000	190,000	199,340	9,340
Total Licenses and Fees	<u>13,185,000</u>	<u>13,410,000</u>	<u>14,194,184</u>	<u>784,184</u>
Intergovernmental				
Community development	55,300	55,300	55,300	-
Sales tax revenue	1,425,000	1,425,000	2,663,393	1,238,393
State shared revenue	839,000	835,900	847,280	11,380
Governmental reimbursements	335,000	347,000	348,407	1,407
State A tax funds	65,000	65,000	72,911	7,911
Grants	29,500	34,000	107,573	73,573
FEMA reimbursements	-	25,000	96,961	71,961
Equipment rental fee	295,000	300,000	314,066	14,066
Hurricane Matthew debris removal	-	-	212,230	212,230
Marketing and promotion	130,000	102,800	122,665	19,865
Total Intergovernmental	<u>3,173,800</u>	<u>3,190,000</u>	<u>4,840,786</u>	<u>1,650,786</u>
Charges for Services				
Refuse - landfill fee	1,700,000	1,610,000	1,673,667	63,667
Refuse - collection fee	325,000	325,000	330,634	5,634
Building permits	360,000	360,000	544,688	184,688
Planning and zoning fees	20,000	20,000	22,048	2,048
Recreation fees	172,000	152,500	572,507	420,007
Total Charges for Services	<u>2,577,000</u>	<u>2,467,500</u>	<u>3,143,544</u>	<u>676,044</u>
Fines and Forfeitures				
Criminal fines	55,000	45,000	49,927	4,927
Traffic fines	340,000	270,000	270,320	320
Parking violations fines	10,000	2,400	4,000	1,600
Animal control fines	2,600	2,100	3,525	1,425
Total Fines and Forfeitures	<u>407,600</u>	<u>319,500</u>	<u>327,772</u>	<u>8,272</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, 2019

	<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	70,000	70,000	158,328	88,328
Miscellaneous	376,000	308,500	3,863,098	3,554,598
Concessions	-	40,500	45,189	4,689
Total Miscellaneous	<u>446,000</u>	<u>419,000</u>	<u>4,066,615</u>	<u>3,647,615</u>
TOTAL REVENUES	<u>30,205,000</u>	<u>30,221,600</u>	<u>37,117,134</u>	<u>6,895,534</u>
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,400	113,400	113,126	274
Retirement	16,950	14,600	12,291	2,309
Health insurance	82,280	86,860	83,870	2,990
Workers' compensation	8,980	9,480	9,470	10
Social security	6,350	7,690	6,436	1,254
Printing and supplies	1,000	1,000	398	602
Office supplies	1,500	2,000	1,779	221
Postage	100	100	41	59
Membership and dues	19,500	19,700	19,648	52
Travel and conferences	25,000	25,000	11,270	13,730
Telephone related services	5,500	5,500	3,299	2,201
Professional services	50,000	50,000	34,850	15,150
Special departmental supplies	5,500	5,300	3,434	1,866
Total City Council	<u>336,060</u>	<u>340,630</u>	<u>299,912</u>	<u>40,718</u>
Legal Services				
Salaries and wages	90,140	93,090	92,327	763
Retirement	13,250	13,590	13,389	201
Health insurance	19,270	20,870	20,729	141
Workers' compensation	1,040	1,440	1,133	307
Social Security	6,690	6,890	6,736	154
Professional services	2,600	2,600	2,055	545
Cable and related services	-	150	146	4
Printing and supplies	1,000	200	-	200
Employee training	-	-	25	(25)
Office supplies	900	900	773	127
Postage	1,300	600	156	444
Membership and dues	200	200	50	150
Travel and conferences	200	200	-	200
Telephone related services	600	1,500	1,340	160
Total Legal Services	<u>137,190</u>	<u>142,230</u>	<u>138,859</u>	<u>3,371</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, 2019

	<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				
Salary and wages	367,200	333,230	328,702	4,528
Retirement	53,100	51,690	48,028	3,662
Health insurance	80,200	86,690	76,998	9,692
Workers' compensation	12,850	13,760	13,517	243
Social security	26,390	25,540	23,908	1,632
Printing and supplies	500	500	387	113
Postage	3,200	3,200	3,191	9
Membership and dues	1,200	700	155	545
Travel and conferences	7,000	7,000	2,985	4,015
Auto operating expenses	1,000	1,000	32	968
Telephone related services	2,500	6,500	6,298	202
Maintenance and service contracts	8,000	8,000	6,237	1,763
Machine and equipment repairs	500	500	-	500
Gas and oil	2,600	1,600	319	1,281
Employee training	5,300	4,300	380	3,920
Professional services	7,500	7,500	3,835	3,665
Jury vouchers	5,000	5,000	1,630	3,370
Office supplies	4,000	3,500	3,037	463
Special departmental supplies	3,000	4,000	3,925	75
Capital outlay	5,300	5,300	-	5,300
Total Justice and Law	596,340	569,510	523,564	45,946
City Manager				
Salary and wages	326,800	322,560	309,265	13,295
Retirement	48,020	48,910	44,668	4,242
Health insurance	34,650	36,450	31,535	4,915
Workers' compensation	7,770	8,420	8,175	245
Social security	24,800	25,310	23,083	2,227
Printing and supplies	1,000	1,000	681	319
Postage	500	500	216	284
Membership and dues	2,000	2,000	21	1,979
Travel and conferences	3,000	1,900	263	1,637
Car allowance	6,000	6,000	-	6,000
Lease payments	4,200	4,200	4,200	-
Auto operating expenses	500	300	-	300
Telephone related services	9,000	13,500	12,784	716
Maintenance and service contracts	1,900	2,400	2,097	303

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
City Manager--continued				
Employee training	1,000	3,100	2,660	440
Professional services	2,000	9,600	9,269	331
Office supplies	2,500	1,000	606	394
Special departmental supplies	1,500	1,100	22	1,078
Gas and oil	200	200	43	157
Total City Manager	477,340	488,450	449,588	38,862
Finance				
Salary and wages	605,200	592,330	590,846	1,484
Retirement	88,950	87,080	86,709	371
Health insurance	75,580	74,940	74,207	733
Workers' compensation	12,850	13,960	13,517	443
Social security	45,210	44,460	44,150	310
Printing and supplies	6,800	6,500	5,492	1,008
Postage	11,300	9,500	8,931	569
Membership and dues	2,000	2,400	2,311	89
Travel and conferences	3,000	3,200	2,769	431
Auto operating expenses	200	1,300	538	762
Telephone related services	6,000	12,000	11,301	699
Maintenance and service contracts	10,000	12,500	11,952	548
Machine and equipment repairs	500	1,900	1,279	621
Cable and related services	3,500	2,800	2,589	211
Public notices	1,200	1,300	1,074	226
Employee training	2,000	3,000	2,543	457
Professional services	1,000	600	505	95
Tax billing and collections	58,500	57,000	56,465	535
Office supplies	9,000	11,700	11,314	386
Special departmental supplies	200	700	514	186
Gas and oil	500	600	397	203
Total Finance	943,490	939,770	929,403	10,367

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Personnel				
Salary and wages	367,900	349,620	346,188	3,432
Retirement	54,080	51,260	50,612	648
Health insurance	40,700	48,030	47,408	622
Workers' compensation	7,770	8,520	8,175	345
Social security	27,620	26,620	25,853	767
Printing and supplies	10,000	14,000	8,252	5,748
Postage	2,500	1,500	1,417	83
Membership and dues	1,500	1,500	864	636
Travel and conferences	2,500	900	824	76
Auto operating expenses	1,000	1,000	37	963
Telephone related services	3,000	5,000	4,977	23
Maintenance and service contracts	8,000	8,000	7,541	459
Public notices	20,000	15,000	14,757	243
Employee training	5,000	1,600	1,079	521
Professional services	54,000	72,200	68,063	4,137
Medical expenses	33,000	36,300	36,077	223
Office supplies	5,000	5,500	5,175	325
Gas and oil	1,000	1,000	162	838
Total Personnel	644,570	647,550	627,461	20,089
Community Service				
Salary and wages	257,600	238,640	226,859	11,781
Retirement	31,930	34,020	32,410	1,610
Health insurance	33,350	40,130	35,149	4,981
Workers' compensation	10,260	10,880	10,765	115
Social security	16,510	17,310	17,113	197
Printing and supplies	700	500	49	451
Postage	450	350	225	125
Membership and dues	1,500	1,500	1,200	300
Travel and conferences	1,500	1,500	-	1,500
Auto operating expenses	2,500	5,200	5,111	89
Telephone related services	6,500	7,200	7,047	153
Radio maintenance	-	10	2	8
Maintenance and service contracts	200	200	100	100
Public notices	2,000	500	90	410

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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--continued				
Uniform and clothing	2,500	4,000	3,799	201
Employee training	1,500	2,200	1,381	819
Professional services	4,500	4,500	4,555	(55)
Office supplies	1,000	500	53	447
Special departmental supplies	1,500	5,200	4,801	399
Gas and oil	4,300	6,100	5,747	353
Capital outlay	-	27,770	27,233	537
Total Community Service	380,300	408,210	383,689	24,521
Urban Planning & Development				
Salary and wages	223,900	250,430	197,792	52,638
Retirement	32,900	35,210	28,709	6,501
Health insurance	27,450	35,530	26,217	9,313
Workers' compensation	5,340	5,800	5,585	215
Social security	17,160	18,380	14,965	3,415
Printing and supplies	2,000	2,000	853	1,147
Postage	1,500	1,500	935	565
Membership and dues	4,700	4,700	4,144	556
Travel and conferences	2,000	500	259	241
Auto operating expenses	1,000	1,000	483	517
Telephone related services	3,400	6,400	5,311	1,089
Maintenance and service contracts	4,500	5,500	5,190	310
Public notices	5,000	3,500	2,440	1,060
Uniform and clothing	100	100	-	100
Employee training	2,700	2,700	2,135	565
Professional services	40,000	60,000	-	60,000
Office supplies	5,000	4,000	2,635	1,365
Special departmental supplies	2,000	2,000	99	1,901
Gas and oil	1,000	1,000	481	519
Total Urban Planning & Development	381,650	440,250	298,233	142,017

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Building Inspections & Permits				
Salary and wages	242,300	221,180	193,363	27,817
Retirement	36,700	34,220	28,256	5,964
Health insurance	57,640	56,550	45,951	10,599
Workers' compensation	10,260	11,080	10,765	315
Social security	17,590	16,400	13,933	2,467
Printing and supplies	4,000	2,500	338	2,162
Postage	500	2,500	2,150	350
Membership and dues	1,000	1,000	250	750
Auto operating expenses	5,000	2,000	(678)	2,678
Telephone related services	6,000	5,000	4,218	782
Maintenance and service contracts	2,000	2,000	1,608	392
Uniform and clothing	1,600	1,000	248	752
Employee training	4,000	2,000	1,610	390
Professional services	83,000	164,000	154,099	9,901
Special departmental supplies	5,000	3,000	1,923	1,077
Gas and oil	4,000	4,000	3,130	870
Capital outlay	2,500	2,500	-	2,500
Total Building Inspections & Permits	483,090	530,930	461,164	69,766
Total General Government	4,380,030	4,507,530	4,111,873	395,657
Public safety				
Police				
Salary and wages	5,670,290	5,386,940	5,310,868	76,072
Retirement	970,460	944,750	891,302	53,448
Health insurance	1,115,090	970,150	970,129	21
Workers' compensation	203,230	213,570	213,517	53
Social security	416,240	414,100	392,935	21,165
Printing and supplies	7,650	6,650	5,451	1,199
Postage	5,200	3,200	2,380	820
Membership and dues	2,250	2,250	1,531	719
Travel and conferences	5,000	4,000	2,254	1,746
Auto operating expenses	105,000	105,000	97,984	7,016
Electricity	20,000	20,000	15,556	4,444

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Police--continued				
Telephone related services	80,000	104,000	103,005	995
Cable and related services	5,500	6,500	5,781	719
Radio maintenance	5,000	3,000	1,962	1,038
Maintenance and service contracts	41,000	35,000	28,696	6,304
Maintenance and equipment repairs	6,450	1,950	354	1,596
Building and maintenance	2,000	1,000	-	1,000
Uniform and clothing	67,000	67,000	64,653	2,347
Prisoner housing	225,000	231,000	219,268	11,732
Inmate services	2,000	2,000	375	1,625
Rent payments	24,000	30,000	28,400	1,600
Employee training	24,000	14,500	13,264	1,236
Professional services	21,400	21,400	16,022	5,378
Pal expenses	4,500	3,500	2,201	1,299
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	65,700	141,700	140,341	1,359
Gas and oil	210,000	216,000	215,365	635
Water usage	5,800	5,800	3,918	1,882
Grant expenditures	12,000	12,000	12,000	-
Capital outlay	<u>256,470</u>	<u>927,970</u>	<u>57,528</u>	<u>870,442</u>
Total Police	<u>9,579,230</u>	<u>9,895,930</u>	<u>8,817,040</u>	<u>1,078,890</u>
Fire				
Salary and wages	3,592,280	3,511,500	3,456,477	55,023
Retirement	626,130	620,180	591,086	29,094
Health insurance	739,400	704,890	704,213	677
Workers' compensation	110,490	116,980	116,067	913
Social security	257,120	263,400	252,392	11,008
Printing and supplies	1,000	1,000	300	700
Janitorial/sanitary supplies	13,000	13,000	10,834	2,166
Postage	150	150	57	93
Membership and dues	1,000	1,000	690	310
Auto operating expenses	55,000	66,700	65,904	796
Electricity	45,000	45,000	44,264	736
Telephone related services	34,000	39,000	38,517	483
Heating fuel	20,000	16,500	14,786	1,714
Fire prevention	9,500	9,000	8,122	878
Risk management	6,500	6,500	6,215	285

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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--continued				
Radio maintenance	6,500	7,500	7,496	4
Maintenance and service contracts	25,000	17,700	12,317	5,383
Maintenance and equipment repairs	17,500	17,500	12,671	4,829
Building and maintenance	20,000	26,000	25,460	540
Uniform and clothing	35,000	28,000	26,613	1,387
Rent payments	14,000	14,000	12,000	2,000
Employee training	18,000	12,500	10,936	1,564
Professional services	9,500	9,500	9,483	17
Personal protective equipment	36,000	34,800	32,012	2,788
Special departmental supplies	40,000	62,300	60,182	2,118
Gas and oil	50,000	50,500	50,167	333
Water usage	17,000	19,500	18,794	706
Capital outlay	128,000	198,000	96,431	101,569
Total Fire	5,927,070	5,912,600	5,684,486	228,114
Total Public Safety	15,506,300	15,808,530	14,501,526	1,307,004
Public works				
Streets and Beautification				
Salary and wages	1,775,990	1,619,310	1,578,376	40,934
Retirement	261,410	245,150	229,754	15,396
Health insurance	455,100	389,620	368,948	20,672
Workers' compensation	46,250	49,210	48,563	647
Social security	130,620	123,880	116,742	7,138
Printing and supplies	1,000	400	64	336
Office supplies	4,000	3,000	1,407	1,593
Janitorial supplies	15,000	14,000	10,343	3,657
Safety supplies	4,000	4,000	2,563	1,437
Postage	100	100	10	90
Membership and dues	500	400	-	400
Auto operating expenses	35,000	35,000	33,189	1,811
Electricity	35,000	38,500	38,131	369
Telephone related services	6,000	9,000	8,479	521
Radio maintenance	2,000	2,000	772	1,228
Maintenance and service contracts	4,500	5,300	4,708	592
Maintenance and equipment repairs	40,000	66,500	66,058	442
Building and maintenance	19,500	14,700	7,193	7,507

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Streets and Beautification--continued				
Tree beautification	5,000	5,000	4,677	323
Sign shop supplies	8,000	7,000	6,964	36
Medical expenses	30,000	32,000	31,543	457
Uniform and clothing	30,000	30,000	29,009	991
Inmate services	36,000	34,000	33,435	565
Chemicals	5,000	10,000	7,932	2,068
Paving materials and supplies	10,000	13,500	11,822	1,678
Irrigation materials and supplies	4,000	1,800	1,186	614
Turf & landscape supplies	20,000	20,100	20,100	-
Employee training	1,000	2,100	2,055	45
Professional services	55,000	30,700	28,748	1,952
Special departmental supplies	40,000	56,800	56,698	102
Gas and oil	65,000	81,000	80,563	437
Water usage	15,000	14,000	12,434	1,566
Capital outlay	90,000	349,500	200,120	149,380
Total Streets and Beautification	3,249,970	3,307,570	3,042,586	264,984
Sanitation				
Salary and wages	849,170	810,290	808,209	2,081
Retirement	125,660	118,820	116,987	1,833
Health insurance	220,200	179,510	178,316	1,194
Workers' compensation	34,710	36,830	36,504	326
Social security	62,260	59,860	59,370	490
Printing and supplies	200	800	775	25
Postage	100	100	48	52
Membership and dues	100	100	-	100
Auto operating expenses	190,000	233,100	231,264	1,836
Telephone related services	1,600	1,600	1,143	457
Radio maintenance	2,500	2,500	1,155	1,345
Maintenance and service contracts	5,000	3,000	343	2,657
Maintenance and equipment repairs	90,000	90,000	90,595	(595)
Landfill services	1,475,000	1,449,000	1,438,049	10,951
Uniform and clothing	20,000	20,000	18,018	1,982
Office supplies	200	150	4	146
Compost supplies	500	500	-	500
Safety supplies	4,000	3,400	1,548	1,852
Public notices	5,000	5,000	4,152	848
Employee training	100	150	112	38

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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--continued				
Professional services	200	2,200	2,098	102
Special departmental supplies	12,000	12,000	3,591	8,409
Gas and oil	160,000	213,000	211,836	1,164
Capital outlay	393,500	653,500	252,400	401,100
Total Sanitation	<u>3,652,000</u>	<u>3,895,410</u>	<u>3,456,517</u>	<u>438,893</u>
Equipment Maintenance				
Salary and wages	316,000	309,330	289,694	19,636
Retirement	46,440	47,360	42,147	5,213
Health insurance	60,850	51,660	48,506	3,154
Workers' compensation	8,980	9,780	9,470	310
Social security	23,590	24,370	21,769	2,601
Auto operating expenses	3,000	3,000	1,527	1,473
Telephone related services	400	2,100	1,714	386
Heating fuel	4,400	6,000	5,758	242
Radio maintenance	300	300	4	296
Maintenance and service contracts	3,500	1,800	343	1,457
Maintenance and equipment repairs	800	500	114	386
Uniform and clothing	5,000	6,200	5,224	976
Office supplies	100	100	-	100
Janitorial supplies	200	200	-	200
Safety supplies	100	100	-	100
Employee training	300	300	256	44
Professional services	1,500	2,000	1,523	477
Special departmental supplies	5,000	7,000	6,390	610
Gas and oil	5,000	5,500	5,401	99
Capital outlay	18,000	18,000	-	18,000
Total Equipment Maintenance	<u>503,460</u>	<u>495,600</u>	<u>439,840</u>	<u>55,760</u>
Total Public Works	<u>7,405,430</u>	<u>7,698,580</u>	<u>6,938,943</u>	<u>759,637</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, 2019

	<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				
Parks and Leisure Services				
Salary and wages	721,240	717,820	675,272	42,548
Retirement	91,850	96,830	95,480	1,350
Health insurance	122,200	106,250	92,950	13,300
Workers' compensation	47,950	50,740	50,344	396
Social security	54,150	54,630	50,780	3,850
Printing and supplies	4,000	5,700	5,459	241
Postage	500	500	112	388
Membership and dues	1,700	1,700	839	861
Travel and conferences	3,500	4,500	2,811	1,689
Auto operating expenses	11,000	8,200	6,656	1,544
Electricity	72,000	80,800	76,899	3,901
Telephone related services	12,000	14,800	14,108	692
Cable and related services	3,000	1,800	1,679	121
Radio maintenance	500	500	127	373
Maintenance and service contracts	14,800	12,200	8,968	3,232
Maintenance and equipment repairs	2,500	1,300	433	867
Building maintenance	26,600	61,200	33,208	27,992
Facility and park maintenance	3,000	36,000	35,935	65
Tree beautification	3,000	1,000	-	1,000
Uniforms and clothing	7,000	5,900	5,801	99
Office supplies	3,500	3,500	3,005	495
Safety supplies	600	600	514	86
Janitorial services and supplies	7,000	8,000	7,815	185
Athletic field supplies	5,000	2,000	-	2,000
Irrigation supplies	800	800	44	756
Inmate services	500	500	-	500
Food and supplies	3,500	3,500	3,456	44
Employee training	2,800	2,800	2,786	14
Professional services	1,500	3,700	3,534	166
Contracted instructors	9,500	38,500	38,167	333
Special departmental supplies	24,000	35,200	34,735	465
Gas and oil	33,200	26,900	20,849	6,051
Water usage	21,000	21,000	16,555	4,445
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	-	2,000
Grant expenditures	26,000	48,100	30,898	17,202
Capital outlay	37,000	170,800	91,518	79,282
Total Parks and Leisure Services	1,401,390	1,651,270	1,432,737	218,533

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Salary and wages	639,800	611,930	583,964	27,966
Retirement	68,590	85,790	85,095	695
Health insurance	105,720	110,330	98,161	12,169
Workers' compensation	79,670	84,190	83,691	499
Social security	45,070	46,450	43,619	2,831
Printing and supplies	700	700	490	210
Postage	300	300	27	273
Membership and dues	2,500	2,500	1,677	823
Travel and conferences	4,500	4,900	4,064	836
Auto operating expenses	6,000	3,500	3,167	333
Electricity	200,000	242,000	234,855	7,145
Telephone related services	8,500	8,500	7,865	635
Cable and related services	3,700	5,600	5,342	258
Maintenance and service contracts	34,900	34,400	29,905	4,495
Maintenance and equipment repairs	7,000	5,000	3,886	1,114
Radio repairs and maintenance	1,000	900	17	883
Building maintenance	2,000	2,000	1,759	241
Facility and park maintenance	35,500	34,300	31,484	2,816
Tree beautification	4,000	2,000	641	1,359
Uniforms and clothing	13,000	11,000	7,117	3,883
Inmate services	24,000	24,000	22,815	1,185
Office supplies	1,500	1,600	1,586	14
Safety supplies	800	800	520	280
Janitorial services and supplies	14,000	15,500	14,819	681
Athletic field supplies	17,000	17,000	16,863	137
Food and supplies	40,000	40,000	30,700	9,300
Employee training	3,500	3,500	1,777	1,723
Professional services	12,500	12,500	10,958	1,542
Special departmental supplies	4,500	3,500	2,913	587
Irrigation parts and supplies	9,000	9,000	4,675	4,325
Pro shop supplies	10,000	13,250	13,140	110
Stadium commission	8,100	8,100	8,100	-
Athletic expenses	6,000	4,600	3,933	667
Gymnastic expenses	8,000	6,000	2,527	3,473
Tennis center expenses	15,000	12,550	12,181	369
Freedom Florence expenses	14,000	14,000	13,939	61
Gymnasium expenses	8,500	8,500	5,946	2,554
Soccer expenses	6,500	7,500	7,452	48
Gas and oil	9,000	10,600	10,335	265
Water usage	65,000	50,000	42,665	7,335
Marketing and promotion	175,000	252,000	65,146	186,854

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Tournaments	5,000	5,000	2,400	2,600
Capital outlay	8,500	405,600	121,755	283,845
Total Athletic Programs	1,727,850	2,221,390	1,643,971	577,419
Total Culture and Recreation	3,129,240	3,872,660	3,076,708	795,952
Non-Departmental				
Employee relations	37,000	70,000	66,477	3,523
Unemployment compensation	11,000	3,000	2,893	107
OPEB expense	685,100	685,100	685,100	-
Employee assistance	-	-	13,545	(13,545)
Property and liability insurance	420,000	455,200	454,650	550
Small claims	85,000	170,000	165,160	4,840
Employee W/C small claims	75,000	75,000	73,213	1,787
Bank charges	10,000	1,000	-	1,000
Credit card fees	34,000	44,000	39,938	4,062
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	193,000	313,500	267,500	46,000
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Property acquisition expenditures	-	825,500	372,814	452,686
PDCAP boxing program	10,000	10,000	10,000	-
Weed & seed program	50,000	50,000	50,000	-
NOU Homeless program	75,000	128,600	117,665	10,935
Florence Family Support Ctr	-	26,500	319	26,181
Art Trail Gallery	-	78,500	78,130	370
Dargan Street Incubator	160,000	160,000	153,689	6,311
Farmers Market expenses	23,000	23,000	16,268	6,732
Contingency	100,000	88,000	-	88,000
Street lights	900,000	855,000	849,225	5,775
Rail to trail project	-	1,500	-	1,500
Neighborworks program	-	49,200	682	48,518
Celebration Blvd Restriping	-	25,000	-	25,000
Hist Preservation - Cemetery	-	7,500	7,350	150
Cut/patch paving projects	-	500,000	500,000	-
Buchanan/Millstone/Frontage	-	2,500	2,399	101
Tank Site development	-	75,200	41,919	33,281
Public Art	-	51,500	51,480	20
Recreation Facilities Rehab	-	155,000	133,000	22,000
Management software expenditures	55,000	55,000	52,685	2,315
Health services	26,000	85,000	79,672	5,328

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2019

	<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				
Fire district tax reimbursement	45,000	5,000	1,882	3,118
IT Support Services	290,000	298,000	274,782	23,218
Legal services	65,000	67,000	58,712	8,288
Downtown revitalization	-	-	25,192	(25,192)
Professional Services	-	226,480	51,467	175,013
Community Centers	-	-	1,816,556	(1,816,556)
Sports Complex	-	-	82,805	(82,805)
Parks/Facilities Improvements	-	-	46,395	(46,395)
Land purchases	-	-	1,413,921	(1,413,921)
Property Clearing/Demolition	-	701,750	20,128	681,622
Special projects	90,000	211,000	109,681	101,319
Other recreation programs	-	-	450,064	(450,064)
Downtown promotions	55,000	132,300	88,967	43,333
Florence Civic Center	-	100,000	-	100,000
BTC parking lease	63,000	59,300	59,250	50
City Center operations	350,000	369,000	(29,833)	398,833
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>3,942,100</u>	<u>7,274,130</u>	<u>8,790,742</u>	<u>(1,516,612)</u>
Debt Service				
Principal	-	-	1,669,884	(1,669,884)
Interest	-	3,200	614,953	(611,753)
Total Debt Service	<u>-</u>	<u>3,200</u>	<u>2,284,837</u>	<u>(2,281,637)</u>
TOTAL EXPENDITURES	<u>34,363,100</u>	<u>39,164,630</u>	<u>39,704,629</u>	<u>(539,999)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,158,100)</u>	<u>(8,943,030)</u>	<u>(2,587,495)</u>	<u>6,355,535</u>
Other Financing Sources				
Proceeds from long-term debt	-	7,100,000	7,100,000	-
Capital leases	-	-	252,400	252,400
Proceeds from insurance settlements	70,000	70,600	214,552	143,952
Transfers in	4,088,100	1,772,430	5,352,109	3,579,679
Total Other Financing Sources	<u>4,158,100</u>	<u>8,943,030</u>	<u>12,919,061</u>	<u>3,976,031</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, 2019

	<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	-	-	10,331,566	10,331,566
Fund balance at beginning of year	<u>16,975,595</u>	<u>16,975,595</u>	<u>16,975,595</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 16,975,595</u>	<u>\$ 16,975,595</u>	<u>\$ 27,307,161</u>	<u>\$ 10,331,566</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, 2019

	<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	\$ 16,595,000	\$ 16,555,000	\$ 16,614,674	\$ 59,674
Sewer service fees	17,973,000	17,950,000	18,771,904	821,904
Sewer surcharge	20,000	18,000	24,044	6,044
Cut on fees	120,000	210,000	216,056	6,056
Water tap fees	670,000	640,000	718,548	78,548
Sewer tap fees	255,000	210,000	236,719	26,719
Service charges	230,000	230,000	253,514	23,514
Late fees	175,000	290,000	446,945	156,945
Miscellaneous	165,000	100,000	617,182	517,182
Total Operating Revenues	<u>36,203,000</u>	<u>36,203,000</u>	<u>37,899,586</u>	<u>1,696,586</u>
Operating Expenses				
Engineering				
Salary and wages	815,020	849,820	848,635	1,185
Retirement	118,960	124,170	124,024	146
Health insurance	103,630	115,440	114,961	479
Workers' compensation	14,140	14,920	14,893	27
Social security	58,840	60,170	60,070	100
Printing and supplies	5,000	4,000	3,610	390
Postage	300	300	30	270
Membership and dues	1,500	3,500	3,417	83
Auto operating expenses	4,500	4,500	1,372	3,128
Electricity	30,000	30,000	23,462	6,538
Travel and conferences	1,500	1,500	735	765
Telephone related services	11,000	13,500	13,389	111
Radio maintenance	500	500	4	496
Other maintenance and repairs	-	50	41	9
Maintenance and service contracts	50,000	49,000	7,976	41,024
Building maintenance	5,000	5,000	-	5,000
Uniforms and clothing	2,000	2,000	308	1,692
Public notices	200	200	-	200
Employee training	2,000	2,000	1,785	215
Professional services	105,000	101,400	80,271	21,129
Special departmental supplies	8,000	10,300	10,146	154
Gas and oil	13,500	13,500	9,416	4,084
Other equipment	8,000	8,000	-	8,000
Total Engineering	<u>1,358,590</u>	<u>1,413,770</u>	<u>1,318,545</u>	<u>95,225</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, 2019

	<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	1,082,910	1,013,720	1,011,869	1,851
Retirement	157,680	148,750	148,520	230
Health insurance	219,740	195,340	195,210	130
Workers' compensation	33,460	35,510	35,128	382
Social security	79,740	76,330	75,594	736
Printing and supplies	8,000	5,140	2,629	2,511
Office supplies	15,000	22,000	17,953	4,047
Postage	5,000	12,480	12,107	373
Membership and dues	1,700	1,700	211	1,489
Travel and conferences	1,500	810	696	114
Auto operating expenses	15,000	18,990	18,854	136
Radio maintenance	500	860	394	466
Other maintenance and repairs	3,500	3,500	298	3,202
Telephone related services	29,000	20,000	14,336	5,664
Maintenance and service contracts	68,000	55,520	48,233	7,287
Employee training	1,250	1,250	587	663
Professional services	-	578,770	578,722	48
Utility billing	220,000	208,500	200,081	8,419
Special departmental supplies	11,000	16,000	17,560	(1,560)
Meters, parts and supplies	500,000	523,140	481,544	41,596
Uniforms and clothing	8,000	8,000	6,997	1,003
Gas and oil	30,000	38,000	37,324	676
Building and fixed equipment	-	80,000	-	80,000
Other equipment	3,500	4,240	-	4,240
Total Utility Finance	2,494,480	3,068,550	2,904,847	163,703

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, 2019

	<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	1,417,230	1,177,270	1,175,562	1,708
Retirement	206,470	172,430	172,306	124
Health insurance	249,460	208,840	207,949	891
Workers' compensation	37,290	39,270	39,175	95
Social security	103,950	87,850	86,302	1,548
Printing and supplies	2,200	2,800	2,396	404
Postage	1,600	1,600	1,506	94
Membership and dues	10,000	10,000	9,583	417
Auto operating expenses	10,000	19,700	19,075	625
Electricity	1,280,000	1,391,110	1,389,623	1,487
Heating fuel	15,000	11,000	10,568	432
Telephone related services	9,000	14,500	14,391	109
Radio maintenance	500	1,000	598	402
Maintenance and service contracts	45,000	68,000	67,888	112
Machine and equipment repairs	315,000	388,800	393,697	(4,897)
Building maintenance	5,000	4,300	4,295	5
Landfill services	300,000	360,000	381,157	(21,157)
Uniforms and clothing	18,000	18,000	16,331	1,669
Chemicals	205,000	236,500	235,918	582
Lab supplies	34,000	32,200	30,911	1,289
Employee training	6,000	17,040	16,585	455
Professional services	60,000	154,000	98,331	55,669
Special departmental supplies	67,000	90,600	95,273	(4,673)
Gas and oil	45,000	46,700	46,232	468
Water usage	14,000	17,670	17,632	38
Upgrade and painting	300,000	233,980	(27,033)	261,013
Total Wastewater Treatment	4,756,700	4,805,160	4,506,251	298,909

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, 2019

	<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	409,340	406,240	405,843	397
Retirement	59,610	59,650	59,578	72
Health insurance	68,310	66,300	66,214	86
Workers' compensation	11,560	12,230	12,141	89
Social security	30,270	30,260	30,239	21
Printing and supplies	800	600	339	261
Postage	140	300	273	27
Membership and dues	650	750	750	-
Auto operating expenses	2,000	7,800	7,588	212
Electricity	315,000	334,940	334,939	1
Telephone related services	5,000	6,170	6,090	80
Heating fuel	20,000	13,660	13,342	318
Radio maintenance	500	400	337	63
Maintenance and service contracts	10,000	8,800	8,780	20
Machine and equipment repairs	142,260	86,560	68,619	17,941
Building maintenance	36,000	36,030	36,814	(784)
Uniform and clothing	6,000	6,000	5,919	81
Chemicals	283,500	487,500	486,147	1,353
Lab supplies	45,000	47,900	47,709	191
Employee training	1,000	900	882	18
Professional services	13,000	14,700	14,955	(255)
Special departmental supplies	20,000	9,800	10,019	(219)
Gas and oil	4,000	21,200	20,837	363
Water usage	1,800	1,300	1,207	93
Upgrade and painting	450,000	509,750	-	509,750
Total Water Production - Surface Water	1,935,740	2,169,740	1,639,561	530,179

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, 2019

	<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	319,310	324,990	324,656	334
Retirement	46,500	47,680	47,567	113
Health insurance	56,780	60,160	60,064	96
Workers' compensation	10,270	10,780	10,765	15
Social security	23,770	24,090	24,036	54
Postage	170	20	19	1
Membership and dues	600	1,680	1,675	5
Auto operating expenses	5,000	7,600	7,333	267
Electricity	740,500	818,060	817,932	128
Telephone related services	40,000	51,760	51,609	151
Heating fuel	200	250	249	1
Radio maintenance	400	390	82	308
Machine and equipment repairs	80,000	67,160	67,757	(597)
Building maintenance	3,000	2,780	2,748	32
Uniform and clothing	4,000	5,600	5,231	369
Chemicals	100,000	98,730	98,728	2
Lab supplies	14,500	12,600	12,154	446
Employee training	1,000	1,600	1,586	14
Professional services	60,000	56,960	56,923	37
Well repairs	121,600	149,700	121,387	28,313
Special departmental supplies	5,500	4,500	4,522	(22)
Gas and oil	17,000	29,300	29,194	106
Water usage	8,500	8,510	8,503	7
Upgrade and painting	160,000	36,020	-	36,020
Total Water Production - Ground Water	1,818,600	1,820,920	1,754,720	66,200

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, 2019

	<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	872,180	911,190	886,498	24,692
Retirement	127,020	130,060	129,135	925
Health insurance	181,420	173,460	172,825	635
Workers' compensation	26,970	28,520	28,329	191
Social security	64,050	66,800	66,330	470
Printing and supplies	7,550	7,550	7,363	187
Postage	150	150	8	142
Membership and dues	300	300	144	156
Auto operating expenses	25,500	24,000	23,512	488
Electricity	15,000	9,300	9,216	84
Telephone related services	6,000	9,400	9,271	129
Heating fuel	10,000	5,770	5,758	12
Radio maintenance	500	500	390	110
Maintenance and service contracts	4,500	7,100	6,959	141
Maintenance and equipment repairs	26,000	34,900	36,443	(1,543)
Building maintenance	17,000	76,250	20,402	55,848
Uniform and clothing	19,000	17,000	15,693	1,307
Meters, parts and supplies	180,000	168,000	153,366	14,634
Pipe fittings and hydrants	250,000	219,000	205,008	13,992
Paving materials and supplies	7,500	104,450	104,978	(528)
Employee training	1,000	1,000	862	138
Professional services	10,000	7,570	235,412	(227,842)
Special departmental supplies	27,500	25,500	29,034	(3,534)
Gas and oil	60,000	62,060	61,625	435
Water usage	10,500	10,830	10,826	4
Total Distribution Operations	<u>1,949,640</u>	<u>2,100,660</u>	<u>2,219,387</u>	<u>(118,727)</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, 2019

	<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	714,460	646,160	645,150	1,010
Retirement	104,090	94,610	94,430	180
Health insurance	138,310	120,520	119,964	556
Workers' compensation	18,010	19,090	18,940	150
Social security	52,330	48,170	47,459	711
Printing and supplies	700	700	-	700
Postage	50	50	2	48
Membership and dues	1,000	-	-	-
Travel and conferences	400	-	-	-
Auto operating expenses	33,000	33,000	32,265	735
Telephone related services	1,600	1,600	1,446	154
Radio maintenance	500	500	21	479
Maintenance and equipment repairs	33,000	117,700	30,643	87,057
Uniform and clothing	11,000	11,000	9,545	1,455
Pipe fittings and hydrants	96,000	64,400	44,964	19,436
Paving materials and supplies	46,000	63,000	62,143	857
Employee training	2,000	400	100	300
Professional services	200	380,000	377,147	2,853
Special departmental supplies	20,000	29,300	37,268	(7,968)
Gas and oil	50,000	46,900	46,381	519
Total Collection Operations	1,322,650	1,677,100	1,567,868	109,232
Non-Departmental				
Depreciation and amortization	11,582,000	11,582,000	8,731,231	2,850,769
Bank charges	77,000	38,500	41,713	(3,213)
Credit card fees	155,000	156,900	156,843	57
Employee relations	30,000	51,600	51,416	184
Unemployment compensation	2,000	-	-	-
Other post employment benefits	234,600	234,600	199,553	35,047
GASB 68 pension expense	-	-	346,963	(346,963)
Property and liability insurance	256,000	270,600	270,539	61
Small claims	70,000	101,000	101,416	(416)
Employee W/C small claims	15,000	10,100	10,071	29
Legal services	65,000	58,800	58,712	88
City Center operations	350,000	363,900	363,710	190
Contingency	100,000	50,000	-	50,000

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, 2019

	<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				
Tank Site development	-	75,200	-	75,200
IT support services	250,000	244,200	244,036	164
IT upgrade	40,000	45,000	29,728	15,272
Management system software	68,000	58,100	58,017	83
Health services	26,000	80,000	79,514	486
Special projects	100,000	137,000	121,597	15,403
Total Non-Departmental	<u>13,420,600</u>	<u>13,557,500</u>	<u>10,865,059</u>	<u>2,692,441</u>
TOTAL OPERATING EXPENSES	<u>29,057,000</u>	<u>30,613,400</u>	<u>26,776,238</u>	<u>3,837,162</u>
OPERATING INCOME	<u>7,146,000</u>	<u>5,589,600</u>	<u>11,123,348</u>	<u>5,533,748</u>
Non-Operating Revenues (Expenses)				
Investment earnings	135,000	135,000	914,247	779,247
Economic development	(1,250,000)	(1,250,000)	(975,184)	274,816
Miscellaneous revenues	1,347,000	1,347,000	2,182,166	835,166
Gain on disposal of assets	-	-	21,504	21,504
Interest expense	-	-	(3,592,084)	(3,592,084)
Appropriation of net position	-	1,289,400	-	(1,289,400)
Total Non-Operating (Expenses)	<u>232,000</u>	<u>1,521,400</u>	<u>(1,449,351)</u>	<u>(2,970,751)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>7,378,000</u>	<u>7,111,000</u>	<u>9,673,997</u>	<u>2,562,997</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>125,545</u>	<u>125,545</u>
INCOME BEFORE TRANSFERS TRANSFERS OUT	<u>7,378,000</u> <u>(8,275,000)</u>	<u>7,111,000</u> <u>(8,008,000)</u>	<u>9,799,542</u> <u>(3,760,000)</u>	<u>2,688,542</u> <u>4,248,000</u>
CHANGES IN NET POSITION	<u>(897,000)</u>	<u>(897,000)</u>	<u>6,039,542</u>	<u>6,936,542</u>
Net position at beginning of year	<u>134,724,498</u>	<u>134,724,498</u>	<u>134,724,498</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 133,827,498</u>	<u>\$ 133,827,498</u>	<u>\$ 140,764,040</u>	<u>\$ 6,936,542</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, 2019

	<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	\$ 1,310,000	\$ 1,310,000	\$ 1,322,619	\$ 12,619
Miscellaneous	5,500	5,600	9,840	4,240
Total Operating Revenues	<u>1,315,500</u>	<u>1,315,600</u>	<u>1,332,459</u>	<u>16,859</u>
Operating Expenses				
Salary and wages	337,260	283,530	226,188	57,342
Retirement	49,130	44,250	33,081	11,169
Health insurance	59,300	57,490	40,320	17,170
Workers' compensation	10,260	11,080	10,765	315
Social security	25,090	22,690	17,019	5,671
Printing and supplies	500	-	-	-
Membership and dues	1,500	-	-	-
Postage	200	-	-	-
Travel and conferences	800	-	-	-
Auto operating expenses	17,930	27,130	26,512	618
Electricity	5,000	4,000	3,563	437
Telephone related services	1,500	800	761	39
Radio maintenance	500	20	18	2
Maintenance and equipment repairs	25,000	34,300	34,029	271
Uniforms and clothing	5,000	4,000	3,671	329
Pipe fittings and hydrants	11,700	3,760	3,616	144
Employee training	1,500	-	-	-
Professional services	19,730	27,370	305,976	(278,606)
Special departmental supplies	9,200	3,860	4,508	(648)
Gas and oil	35,000	49,620	49,391	229
Depreciation	-	-	427,112	(427,112)
Bank charges	-	-	3,350	(3,350)
Employee relations	3,000	2,000	595	1,405
Unemployment compensation	-	-	-	-
Property and liability insurance	8,700	9,100	9,087	13
Other post employment benefits	18,800	18,800	17,398	1,402
GASB 68 pension expense	-	-	24,784	(24,784)
TOTAL OPERATING EXPENSES	<u>646,600</u>	<u>603,800</u>	<u>1,241,744</u>	<u>(637,944)</u>
OPERATING INCOME	<u>668,900</u>	<u>711,800</u>	<u>90,715</u>	<u>(621,085)</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, 2019

	<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	6,500	6,400	15,946	9,546
Miscellaneous revenues	65,000	65,000	-	(65,000)
Interest expense	-	-	(26,047)	(26,047)
Loss on disposal of assets	-	-	(250,911)	(250,911)
Total Non-Operating Revenues (Expenses)	<u>71,500</u>	<u>71,400</u>	<u>(261,012)</u>	<u>(332,412)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	740,400	783,200	(170,297)	(953,497)
CAPITAL CONTRIBUTIONS	-	-	65,790	65,790
INCOME (LOSS) BEFORE TRANSFERS TRANSFERS OUT	<u>740,400</u> <u>(768,400)</u>	<u>783,200</u> <u>(811,200)</u>	<u>(104,507)</u> <u>(110,000)</u>	<u>(887,707)</u> <u>701,200</u>
CHANGES IN NET POSITION	(28,000)	(28,000)	(214,507)	(186,507)
Net position at beginning of year	<u>3,043,308</u>	<u>3,043,308</u>	<u>3,043,308</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 3,015,308</u>	<u>\$ 3,015,308</u>	<u>\$ 2,828,801</u>	<u>\$ (186,507)</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			840,325	840,325
Court fines and assessments remitted to State Treasurer			460,227	460,227
Total Court Fines and Assessments retained			380,098	380,098
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			12,922	12,922
Assessments retained			40,787	40,787
Total Surcharges and Assessments retained for victim services			53,709	53,709

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	108,781		108,781
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	40,787		40,787
Victim Service Surcharges Retained by City/County Treasurer	12,922		12,922
Interest Earned	47		47
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	162,537		162,537
<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2019

Salaries and Benefits	70,745		70,745
Operating Expenditures	7,358		7,358
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	78,103		78,103
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	84,434		84,434
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	84,434		84,434

STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	154
<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.	158
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163
<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 relates to the services the city provides and the activities it performs.	168

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

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Table 01

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in,										
capital assets	\$ 13,871,015	\$ 17,158,331	\$ 19,429,425	\$ 20,692,434	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102	\$ 38,005,596	\$ 45,883,732	\$ 51,255,140
Restricted	30,000	5,029,732	1,279,834	2,815,762	2,213,701	2,074,462	2,351,821	6,077,735	4,019,313	3,862,325
Unrestricted	14,544,052	8,484,126	8,596,543	8,804,690	9,331,143	(13,305,020)	(12,331,352)	(9,668,156)	(16,772,297)	(21,520,227)
Total governmental activities net assets	\$ 28,445,067	\$ 30,672,189	\$ 29,305,802	\$ 32,312,886	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571	\$ 34,415,175	\$ 33,130,748	\$ 33,597,238
Business-type activities										
Net investment in,										
capital assets	\$ 63,713,249	\$ 79,843,049	\$ 82,021,447	\$ 89,407,316	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266	\$ 95,268,914	\$ 101,751,447	\$ 102,974,482
Restricted	5,075,799	6,323,412	4,899,688	4,794,542	4,704,434	10,180,548	9,760,388	9,055,832	7,988,039	7,841,160
Unrestricted	23,762,825	16,707,215	25,586,627	27,718,326	35,629,092	24,556,756	29,552,940	29,988,158	28,028,320	32,777,199
Total business-type activities net assets	\$ 92,551,873	\$ 102,873,676	\$ 112,507,762	\$ 121,920,184	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594	\$ 134,312,904	\$ 137,767,806	\$ 143,592,841
Primary government totals										
Net investment in,										
capital assets	\$ 77,584,264	\$ 97,001,380	\$ 101,450,872	\$ 110,099,750	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368	\$ 133,274,510	\$ 147,635,179	\$ 154,229,622
Restricted	5,105,799	11,353,144	6,179,522	7,610,304	6,918,135	12,255,010	12,112,209	15,133,567	12,007,352	11,703,485
Unrestricted	38,306,877	25,191,341	34,183,170	36,523,016	44,960,235	11,251,736	17,221,588	20,320,002	11,256,023	11,256,972
Total primary government net assets	\$ 120,996,940	\$ 133,545,865	\$ 141,813,564	\$ 154,233,070	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165	\$ 168,728,079	\$ 170,898,554	\$ 177,190,079

Table 02

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 7,307,747	\$ 6,910,887	\$ 6,884,773	\$ 6,224,892	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736	\$ 12,239,632	\$ 12,317,892	\$ 9,236,887
Public safety	13,409,835	14,139,828	15,342,743	14,258,623	14,418,964	14,941,776	14,544,967	14,958,057	15,066,903	14,208,407
Public works	5,172,572	4,868,876	5,527,026	5,789,957	6,893,527	6,875,207	6,646,686	6,829,919	7,500,862	6,037,673
Culture and recreation	4,318,364	4,030,009	5,223,822	4,939,601	4,767,511	4,967,947	4,954,024	4,547,612	5,088,425	4,280,394
Community development	1,697,060	502,885	1,097,686	730,670	1,235,708	777,787	937,622	1,550,188	2,387,177	16,067,752
Interest on debt	365,197	525,463	672,883	428,682	462,255	1,005,236	1,030,379	1,528,433	2,149,479	2,088,378
Total governmental activities expenses	<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>	<u>41,653,841</u>	<u>44,510,738</u>	<u>51,919,491</u>
Business-type activities:										
Water & Sewer	19,267,013	17,974,450	18,376,996	18,926,059	20,005,585	30,064,373	24,495,818	27,691,355	27,566,748	29,139,836
Stormwater	1,159,819	1,210,596	1,295,628	1,197,054	1,309,421	1,265,095	1,037,530	1,173,863	1,293,521	1,518,702
Total business-type activities expenses	<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>	<u>28,865,218</u>	<u>28,860,269</u>	<u>30,658,538</u>
Total primary government expenses	<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>	<u>\$ 70,519,059</u>	<u>\$ 73,371,007</u>	<u>\$ 82,578,029</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 14,532,169	\$ 13,867,188	\$ 13,786,297	\$ 15,030,057	\$ 15,232,023	\$ 15,749,432	\$ 15,884,921	\$ 17,253,231	\$ 17,282,058	\$ 18,140,380
Operating grants and contributions	3,313,840	4,073,237	2,971,633	2,362,524	1,611,072	2,475,584	2,248,462	5,562,426	2,655,631	2,712,773
Capital grants and contributions	285,763	51,000	356,500	111,430	-	4,799,532	189,356	5,501,991	1,051,725	941,560
Total governmental activities program revenues	<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>	<u>28,317,648</u>	<u>20,989,414</u>	<u>21,794,713</u>
Business-type activities:										
Charges for services:										
Water & Sewer	27,616,193	28,554,598	29,557,415	29,988,906	31,256,440	32,457,737	33,366,766	35,122,557	34,780,190	36,365,890
Stormwater	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619
Operating grants and contributions	-	-	-	119,553	-	-	-	-	-	-
Capital grants and contributions	574,568	741,858	-	82,545	226,298	366,838	-	-	1,190,748	191,335
Total business-type activities revenues	<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>	<u>36,437,477</u>	<u>37,278,554</u>	<u>37,879,844</u>
Total primary government revenues	<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>	<u>64,755,125</u>	<u>58,267,968</u>	<u>59,674,557</u>
Net (expense)/revenue										
Governmental activities	(14,139,003)	(12,986,523)	(17,634,503)	(14,868,414)	(18,382,879)	(14,420,373)	(18,435,675)	(13,336,193)	(23,521,324)	(30,124,778)
Business-type activities	8,997,932	11,359,293	11,137,690	11,339,393	11,440,589	2,775,594	9,137,400	7,572,259	8,418,285	7,221,306
Total primary government net expense	<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>	<u>\$ (5,763,934)</u>	<u>\$ (15,103,039)</u>	<u>\$ (22,903,472)</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 8,766,376	\$ 9,375,114	\$ 9,401,312	\$ 9,340,283	\$ 9,462,898	\$ 9,617,294	\$ 9,958,587	\$ 10,657,474	\$ 10,815,950	\$ 11,022,616
Hospitality Fees	2,841,585	2,926,340	3,092,529	3,214,470	3,396,306	3,677,328	3,863,554	4,036,958	4,101,928	4,342,184
Unrestricted grants and contributions	790,254	711,684	728,643	851,358	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380	9,152,620
Investment earnings	45,791	22,815	20,686	42,800	25,579	66,674	121,779	256,538	548,200	837,750
Gain on sale of assets	-	-	355,108	-	-	-	-	-	-	-
Miscellaneous	188,017	158,122	149,837	895,937	1,112,385	793,547	745,861	593,622	1,972,958	1,366,098
Transfers	2,124,000	2,019,569	2,520,001	2,956,317	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000
Total governmental activities	<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>	<u>28,697,797</u>	<u>30,378,645</u>	<u>30,591,268</u>
Business-type activities										
Investment earnings	231,755	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193
Miscellaneous	1,495,506	928,575	965,858	977,161	897,012	1,091,191	1,074,478	987,088	842,447	1,543,536
Transfers	(2,124,000)	(2,019,569)	(2,520,001)	(2,956,317)	(2,113,344)	(3,173,699)	(4,593,644)	(3,598,000)	(3,471,229)	(3,870,000)
Total business-type activities	<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>	<u>(2,306,949)</u>	<u>(2,103,089)</u>	<u>(1,396,271)</u>
Total primary government	<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>	<u>\$ 26,390,848</u>	<u>\$ 28,275,556</u>	<u>\$ 29,194,997</u>
Changes in Net Position										
Governmental activities	\$ 617,020	\$ 2,227,121	\$ (1,366,387)	\$ 2,432,751	\$ (951,863)	\$ 5,201,592	\$ 6,443,044	\$ 15,361,604	\$ 6,857,321	\$ 466,490
Business-type activities	8,601,193	10,321,803	9,634,086	9,412,422	10,255,658	770,807	5,794,375	5,265,310	6,315,196	5,825,035
Total primary government	<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>	<u>\$ 20,626,914</u>	<u>\$ 13,172,517</u>	<u>\$ 6,291,525</u>

Table 03

**CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(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>
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
2017	10,657,474	13,202,859	4,036,958	465,109	28,362,400
2018	10,815,950	13,444,405	4,101,928	416,398	28,778,681
2019	11,022,616	14,194,184	4,342,184	327,772	29,886,756

Table 04

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ 255,201	\$ 265,745	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914	\$ 6,325,288
Restricted	-	210,000	-	331,319	-	-	-	-	-	-
Reserved ¹	240,000	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	693,523	781,179	1,934,688	1,979,096	2,355,008	3,249,055	3,764,823	3,776,576	3,272,097
Unreserved ¹	9,510,270	-	-	-	-	-	-	-	-	-
Unassigned	-	8,740,538	8,291,180	8,415,209	9,081,509	10,109,014	11,591,331	13,320,377	11,053,105	17,709,776
Total General Fund	\$ 9,750,270	\$ 9,899,262	\$ 9,338,104	\$ 10,934,389	\$ 11,320,825	\$ 12,684,412	\$ 15,026,580	\$ 17,240,267	\$ 16,975,595	\$ 27,307,161
All other governmental funds										
Nonspendable	\$ -	\$ 20,730	\$ 25,063	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473	\$ 334,218
Restricted	-	1,733,579	1,279,834	2,484,443	17,846,136	15,347,557	14,621,783	28,880,415	40,327,171	22,670,970
Reserved ¹	-	-	-	-	-	-	-	-	-	-
Committed	-	3,141,642	1,409,480	596,533	596,233	522,669	411,240	174,408	19,816	375
Assigned	-	1,194,567	675,914	-	15,000	-	-	-	-	-
Unreserved ¹	7,169,422	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,169,422	\$ 6,090,518	\$ 3,390,291	\$ 3,128,357	\$ 18,482,069	\$ 15,904,118	\$ 15,043,523	\$ 29,077,884	\$ 40,358,460	\$ 23,005,563

¹Beginning in Fiscal Year 2011 with the implementation of GASB 54 Fund Balance amounts are no longer referred to as Reserved and Unreserved. Instead as required by GASB 54, Fund Balance is split into one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

Table 05

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Taxes	\$ 8,766,376	\$ 9,345,471	\$ 9,399,509	\$ 9,356,801	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653	\$ 10,678,127	\$10,803,006	\$ 11,025,605
Licenses and fees	13,322,031	13,274,281	13,411,228	14,510,042	14,910,015	16,034,673	19,426,009	22,932,167	22,878,390	22,362,083
Intergovernmental	4,290,958	2,715,256	3,790,156	3,772,655	3,872,395	4,975,460	5,056,720	8,075,493	5,643,675	7,051,649
Charges for services	2,211,833	2,128,982	2,159,166	2,387,117	2,230,427	2,487,241	2,522,868	2,626,414	3,160,164	3,287,619
Fines and forfeitures	784,380	695,789	692,526	644,920	637,171	540,934	549,212	465,109	416,398	327,772
Investment earnings	45,791	30,006	20,689	40,298	25,579	66,674	121,779	256,538	548,200	837,750
Miscellaneous	1,036,131	3,001,651	675,859	1,042,119	534,793	654,253	536,381	2,783,624	3,562,056	7,730,916
Total revenues	<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>	<u>47,817,472</u>	<u>47,011,889</u>	<u>52,623,394</u>
Expenditures										
Current										
General government	6,995,675	6,765,865	6,776,184	6,072,413	7,315,367	6,911,151	7,558,246	9,791,500	9,858,059	8,597,921
Public safety	12,392,972	12,947,045	14,132,035	13,552,531	14,001,197	14,240,947	13,820,581	14,060,888	13,906,863	14,583,043
Public works	4,479,662	4,254,787	4,699,514	4,909,427	6,116,375	5,995,862	5,802,639	6,067,821	6,142,350	6,486,423
Culture and recreation	3,865,643	3,637,061	4,801,637	4,331,993	3,960,994	4,282,804	4,273,709	3,961,033	4,511,694	4,430,894
Community development	1,696,760	502,885	1,097,686	730,670	1,418,149	777,787	937,622	1,550,188	2,300,015	16,088,454
Debt Service										
Principal	1,069,978	1,162,813	2,358,462	1,763,799	8,410,196	1,677,644	1,855,632	16,891,310	4,059,191	5,267,602
Interest	390,440	537,190	612,332	459,469	473,483	1,002,763	1,012,960	1,597,432	2,209,172	2,069,257
Capital Outlay	<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>	<u>16,935,888</u>	<u>12,081,550</u>	<u>13,558,083</u>
Total expenditures	<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>	<u>70,856,060</u>	<u>55,068,894</u>	<u>71,081,677</u>
Excess of revenues under expenditures	<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>	<u>(23,038,588)</u>	<u>(8,057,005)</u>	<u>(18,458,283)</u>
Other financing sources (uses)										
Issuance of debt	-	5,345,000	-	-	23,734,000	-	6,750,000	35,570,000	15,334,554	7,100,000
Debt issuance cost	-	(37,000)	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	72,102	-	487,788	296,753	246,904	118,636	234,726	214,552
Transfers in	3,062,440	2,851,048	3,353,864	4,100,888	4,338,317	4,315,923	5,985,842	23,075,136	5,548,735	5,601,553
Transfers out	(938,440)	(669,189)	(833,863)	(1,155,163)	(2,224,973)	(1,142,224)	(1,392,198)	(19,477,136)	(2,077,506)	(1,731,553)
Proceeds from sale of property	-	-	-	-	-	-	777,040	-	-	-
Proceeds of capital lease	-	47,025	395,606	6,610,362	705,308	478,801	1,886,085	-	32,400	252,400
Total other financing sources (uses)	<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>	<u>39,286,636</u>	<u>19,072,909</u>	<u>11,436,952</u>
Net changes in governmental fund balance	<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>	<u>\$ 16,248,048</u>	<u>\$11,015,904</u>	<u>\$ (7,021,331)</u>
Debt service as a percentage of non-capital expenditures	4.7%	5.7%	8.6%	7.0%	21.3%	7.7%	8.1%	34.3%	14.6%	12.8%

Table 06

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues										
Water & Sewer										
Service Fees	\$ 27,163,915	\$ 28,151,177	\$ 28,975,273	\$ 29,431,296	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063	\$ 34,288,028	\$ 33,782,797	\$ 35,410,622
Sewer Surcharges	69,589	96,440	35,156	40,594	50,664	21,944	17,698	102	-	-
Cut on Fees	163,132	162,648	147,414	193,597	187,447	190,132	151,209	159,534	167,278	216,056
Water & Sewer										
Tap Fees	382,689	403,421	546,986	517,016	568,610	706,918	778,005	834,426	997,393	955,267
Service Charges	265,134	226,186	240,778	269,065	226,691	246,082	243,994	249,883	234,730	253,514
Late Fees	418,462	422,020	430,468	390,401	404,942	472,545	427,652	358,480	228,925	446,945
Stormwater Fees	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619
Investment earnings	231,755	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193
Intergovernmental revenues	-	-	-	119,553	-	-	-	-	-	-
Miscellaneous	1,223,346	928,575	152,512	206,643	304,230	2,508,622	3,307,917	2,055,470	3,405,836	2,956,237
Total revenues	<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>	<u>39,564,806</u>	<u>40,650,268</u>	<u>42,491,453</u>
Expenditures										
Current										
Engineering	911,246	974,177	1,032,580	987,846	924,838	958,134	1,002,782	1,003,953	1,197,154	1,318,545
Utility Finance	818,791	932,884	1,411,815	1,939,902	1,694,928	1,732,099	1,735,464	1,711,197	1,847,515	2,904,847
Wastewater Treatment	3,201,419	3,255,574	3,239,314	3,581,179	3,775,600	3,841,748	4,051,886	4,520,864	4,392,813	4,506,251
Water Production	2,963,361	2,668,762	3,302,963	2,881,285	2,826,265	3,431,693	2,863,744	3,120,877	3,430,311	3,394,281
Distribution Operations	2,091,324	2,275,930	1,731,542	1,837,213	1,737,163	1,524,071	1,480,868	1,769,187	1,990,835	2,219,387
Collection Operations	755,176	768,601	732,536	787,045	971,134	1,157,306	1,122,358	1,192,920	1,183,288	1,567,868
Stormwater	1,019,210	1,079,309	1,198,115	1,126,321	1,245,346	1,208,065	1,202,009	1,216,984	1,302,041	1,241,744
Non-departmental	8,689,525	7,289,814	7,029,073	6,992,914	8,139,732	19,435,705	15,130,531	16,165,514	15,519,886	15,643,495
Net Interdepartmental										
Transfer	2,124,000	2,125,000	2,520,001	2,945,725	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000
Total expense	<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>	<u>34,299,496</u>	<u>34,335,072</u>	<u>36,666,418</u>
Net change in net position	<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>	<u>\$ 5,265,310</u>	<u>\$ 6,315,196</u>	<u>\$ 5,825,035</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>
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
2017	10,678,127	13,202,859	4,036,958	465,109	28,383,053
2018	10,803,006	13,444,405	4,101,928	416,398	28,765,737
2019	11,025,605	14,194,184	4,342,184	327,772	29,889,745

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					
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
2017	2016	59,216,059	75,218,067	18,500,010	18,659,525	4,750,814	166,842,847	60.2	3,206,808,386	5.20
2018	2017	60,517,843	76,675,665	17,804,980	18,027,813	4,900,954	168,125,347	60.9	3,245,683,279	5.18
2019	2018	61,339,923	78,468,995	17,553,902	19,079,875	5,130,815	171,311,880	60.9	3,303,296,869	5.19

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		
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
2017	2016	57.4	2.8	60.2	74.6	12.7	87.3	197.5	31.5	229.0	4.9	381.4
2018	2017	58.1	2.8	60.9	75.6	12.7	88.3	197.5	32.0	229.5	4.9	383.6
2019	2018	58.1	2.8	60.9	77.3	12.7	90.0	201.7	31.5	233.2	0.0	384.1

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	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
MUSC Health ⁽³⁾	\$ 7,855,180	1	4.45%	\$ 9,918,710		
Duke Energy Progress	3,513,770	2	1.99	3,251,830		
Magnolia, LLC	3,252,000	3	1.84	3,242,670	4	2.13%
McLeod Regional Medical Center	2,291,230	4	1.30	3,745,440	2	2.46
Florence Mall	1,787,640	5	1.01			
Raldex, Inc	1,660,490	6	0.94	1,387,790	6	0.91
Wal-Mart	1,648,540	7	0.93	1,196,980	8	0.78
Holcombe Land Development	1,293,090	8	0.73	1,311,780	7	0.86
BellSouth Telecommunications	1,122,640	9	0.64	2,936,550	5	1.93
South Carolina Electric and Gas	1,051,940	10	0.60			
Edens & Avant Fin. Ltd. Partnership				1,066,770	9	0.70
Lowe's Home Improvement				780,590	10	0.51
Carolinas Hospital System				9,918,710	1	6.50
Carolina Power & Light				3,251,830	3	2.13

Source: Florence County

(1) Total Assessed Value for 2019 w as \$176,442,695

(2) Total Assessed Value for 2010 w as \$152,482,377

(3) In FY2019 MUSC Health purchased Carolinas Hospital System

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>
2010	2009	\$8,371,282	\$8,260,672	98.6%	\$ 63,920	\$8,324,592	99.4%
2011	2010	9,020,186	8,793,288	97.5	81,126	8,874,414	98.4
2012	2011	9,044,059	8,846,137	97.8	118,069	8,964,206	99.1
2013	2012	9,002,920	8,831,673	98.1	57,538	8,889,211	98.7
2014	2013	9,077,725	8,950,117	98.6	60,666	9,010,783	99.3
2015	2014	9,289,810	9,077,292	97.7	59,414	9,136,706	98.4
2016	2015	9,631,656	9,385,169	97.4	70,611	9,455,780	98.2
2017	2016	10,329,938	9,998,304	96.8	112,511	10,110,815	97.9
2018	2017	10,537,302	10,408,923	98.8	79,729	10,488,652	99.5
2019	2018	10,743,520	10,671,439	99.3	-	10,671,439	99.3

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			
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	4,096
2012	5,092,905	-	1,416,062	8,265,421	105,252,219	28,815,589	148,842,196	2.10	3,938
2013	4,828,098	-	1,272,204	13,520,649	102,209,789	28,420,215	150,250,955	2.10	3,978
2014	4,550,124	23,734,000	675,000	6,690,939	105,069,530	35,715,144	176,434,737	2.42	4,648
2015	4,258,515	23,014,000	610,000	6,568,705	101,713,084	40,347,292	176,511,596	2.35	4,658
2016	10,702,785	22,278,000	545,000	7,705,888	100,841,803	35,559,195	177,632,671	2.32	4,702
2017	8,382,433	44,142,000	480,000	6,905,930	98,033,635	33,785,520	191,729,518	2.40	5,075
2018	6,046,942	58,333,000	749,554	6,088,630	94,944,511	35,726,808	201,889,445	*	5,291
2019	10,795,778	56,682,000	350,000	5,475,146	91,671,771	36,923,800	201,898,495	*	5,188

(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**

Fiscal Year	Population⁽¹⁾	Assessed Value	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2010	37,056	\$152,482,377	\$ -	\$ -	\$ -	0.00%	\$ -
2011	37,614	159,086,173 ⁽²⁾	5,345,000	-	5,345,000	3.36	142
2012	37,801	159,507,220	5,092,905	431,975	4,660,930	2.92	123
2013	37,774	159,781,653	4,828,098	475,412	4,352,686	2.72	115
2014	37,963	160,100,962	4,550,124	521,650	4,028,474	2.52	106
2015	37,894	164,411,409 ⁽²⁾	4,258,515	545,841	3,712,674	2.26	98
2016	37,780	170,471,781	10,702,785	579,706	10,123,079	5.94	268
2017	37,778	171,593,661	8,382,433	603,908	7,778,525	4.53	206
2018	38,155	173,026,301	6,046,942	744,853	5,302,089	3.06	139
2019	38,918	176,442,695	10,795,778	783,344	10,012,434	5.67	257

(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, 2019**

<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	\$201,898,496	100.00%	\$201,898,496
Overlapping:⁽²⁾			
Florence County	145,912,719	36.80%	53,695,881
Florence School District 1	<u>34,005,000</u>	45.50%	<u>15,472,275</u>
Total Overlapping Debt	\$179,917,719		\$69,168,156
Total Direct & Overlapping Debt	<u><u>\$381,816,215</u></u>		<u><u>\$271,066,652</u></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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 12,198,590	\$ 12,726,894	\$ 12,760,578	\$12,702,532	\$ 12,808,077	\$13,153,714	\$ 13,637,742	\$13,727,493	\$13,842,104	\$ 14,115,416
Total net debt applicable to limit	-	5,345,000	4,660,930	4,352,686	4,028,474	3,712,674	10,123,079	7,778,525	5,302,089	10,012,434
Legal Debt Margin	<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>	<u>\$ 5,948,968</u>	<u>\$ 8,540,015</u>	<u>\$ 4,102,982</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	42.00%	36.53%	34.27%	31.45%	28.23%	74.23%	56.66%	38.30%	70.93%

Legal Debt Margin Calculation for Fiscal Year 2019

Taxable Assessed Value - 2018 Levy	\$176,442,695
Add back: exempt real property	
Total Assessed Value	<u>\$176,442,695</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$ 14,115,416
Debt applicable to limit:	
Total Bonded Debt	\$10,795,778
Less Amounts Available in Debt Service Fund	(783,344)
Less Deductions Allowed by Law	
Total Net Debt Applicable to Limit	<u>10,012,434</u>
Legal Debt Margin	<u>\$ 4,102,982</u>

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

<u>Fiscal Year⁽¹⁾</u>	<u>Gross Revenue⁽²⁾</u>	<u>Less: Operating Expenses⁽³⁾</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage⁽⁴⁾</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	14,153,794	21,777,497	5,124,838	5,729,248	10,854,086	2.01
2017	37,740,275	15,387,905	22,352,370	4,139,531	5,620,848	9,760,379	2.29
2018	37,472,909	16,427,897	21,045,012	4,383,802	5,358,549	9,742,351	2.16
2019	40,164,456	18,045,007	22,119,449	4,673,239	5,295,940	9,969,179	2.22

(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

(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) Does not include debt service requirements for bonds secured by a junior lien on System Revenues. Total debt service on such junior lien bonds in Fiscal Year 2018-19 was \$ 1,587,302

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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Personal Income (in millions)⁽²⁾</u>	<u>Per Capita Personal Income⁽²⁾</u>	<u>Public School Enrollment⁽³⁾</u>	<u>Unemployment Rate⁽⁴⁾</u>
2010	37,056	\$6,546	\$31,883	16,017	11.0%
2011	37,614	6,889	33,491	16,081	11.6
2012	37,801	7,099	33,749	16,176	10.2
2013	37,774	7,146	34,320	16,305	9.9
2014	37,963	7,292	34,864	16,579	7.4
2015	37,894	7,526	36,471	16,694	7.5
2016	37,780	7,654	37,158	15,846	5.4
2017	37,778	8,005	38,892	16,304	4.5
2018	38,155	*	*	16,500	3.1
2019	38,918	*	*	15,906	3.6

* 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 figures are for prior year

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

Table 18

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

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽¹⁾</u>
McLeod Regional Medical Center	4,700	1	25.0 %	4,700	1	28.7 %
Florence School District One	2,355	2	12.6	2,149	2	13.1
MUSC Health	1,515	3	8.1			
The Assurant Group	1,136	4	6.1	893	5	5.4
Florence County	865	5	4.6	782	6	4.8
Wal-Mart	598	6	3.2	731	7	4.5
City of Florence	568	7	3.0	489	9	3.0
Administrators/TRICARE (BCBS)	375	8	2.0	1,100	4	6.7
Florence Co. Disabilities & Spec. Needs	302	9	1.6	350	10	
Nightingales Nursing Services	271	10	1.4			2.1
Carolinas Hospital System				1,840	3	11.2
SC DHEC				496	8	3.7

(1) Total employment for June 2019: 18,763

(2) Total employment for June 2010: 16,394

Table 19

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

Customer	Type of Business	2019			2010		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Medical Center	Medical Services	1	\$ 358,995	2.06%	1	\$ 199,834	1.44%
Johnson Controls	Manufacturing	2	275,082	1.58	2	174,737	1.26
Francis Marion University	University	3	209,956	1.20	3	165,337	1.19
Ruiz Foods	Manufacturing	4	180,855	1.04			
Florence School District 1	Public School	5	173,797	1.00			
Florence County	County Government	6	152,269	0.87			
Thermo Fisher Scientific	Manufacturing	7	151,856	0.87			
State of South Carolina	State Government	8	89,350	0.51			
Medical University of South Carolina	Medical Services	9	78,574	0.45			
Forest Lake Apartments	Apartments	10	73,834	0.42			
Roche Carolina	Manufacturing				4	83,567	0.60
PET Dairy	Manufacturing				5	78,465	0.57
Carolinas Hospital System	Medical Services				6	66,687	0.48
Rental Uniforms	Industrial				7	65,072	0.47
Days Inn Motels	Franchise				8	62,563	0.45
Institutional Food Service	Manufacturing				9	61,359	0.44
ESAB	Mau				10	55,287	0.40
TOTALS			<u>\$ 1,744,567</u>	<u>10.00%</u>		<u>\$ 1,012,908</u>	<u>7.32%</u>
2019 Total Billed Revenue:	\$17,449,115						
2010 Total Billed Revenue:	\$13,839,806						

Table 20

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

Customer	Type of Business	2019			2010		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$423,313	2.19%	1	\$249,871	1.92%
Northeast Landfill	Industrial	2	336,445	1.74			
Francis Marion University	University	3	329,167	1.71	2	214,679	1.65
Ruiz Foods	Manufacturing	4	309,491	1.60			
Koppers	Manufacturing	5	305,828	1.59	3	208,710	1.60
Thermo Fisher Scientific	Manufacturing	6	234,588	1.22			
Florence School District 1	Public School	7	224,914	1.17			
Darlington County Water & Sewer	Government	8	190,985	0.99	6	134,533	1.03
Johnson Controls	Manufacturing	9	185,877	0.96	8	92,371	0.71
Florence County	Government	10	125,763	0.65			
PET Dairy	Manufacturing				4	153,954	1.18
ESAB	Manufacturing				5	146,295	1.12
Rental Uniforms	Industrial				7	100,215	0.77
Roche Carolina	Manufacturing				9	82,757	0.64
Carolina Hospital Systems	Medical Services				10	71,562	0.55
TOTALS			<u>\$2,666,370</u>	<u>13.82%</u>		<u>\$1,454,947</u>	<u>11.18%</u>

2019 Total Billed Revenues: \$19,294,628

2010 Total Billed Revenues: N/A

Table 21

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

	Fiscal Year									
	2010	2011	2012	2013	2014 ⁽¹⁾	2015	2016	2017	2018 ⁽²⁾	2019
Water Customers:										
Residential	27,299	27,333	27,561	27,760	28,740	28,920	29,088	29,064	28,321	28,833
Commercial	2,983	2,977	3,006	3,027	3,139	3,136	3,149	3,289	3,540	3,567
Industrial	5	3	2	2	2	2	2	2	2	0
Total	30,287	30,313	30,569	30,789	31,881	32,058	32,239	32,355	31,863	32,400
Sewer Customers:										
Residential	17,340	17,344	17,517	17,689	18,648	18,808	18,991	18,976	18,368	18,877
Commercial	2,241	2,228	2,263	2,275	2,368	2,348	2,360	2,466	2,390	2,399
Industrial	6	5	4	4	4	4	2	2	2	1
Total	19,587	19,577	19,784	19,968	21,020	21,160	21,353	21,444	20,760	21,277

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

(2) In FY 2017-18 the City converted its utility billing and collection software system from a legacy program to the Tyler Technologies' Munis system. As part of the conversion process, the City conducted data cleanup to remove duplicate accounts and properties that no longer had a service connection. Additionally, in the legacy system, inactive customer accounts with a remaining balance due were included in the number of customers, but are now more accurately excluded from the number of customers in the Munis System. These conversion-related corrections have resulted in a small decrease from the prior year in the number of water and sewer active customers reported.

Table 22

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 12.47	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75	\$ 14.00
1"	19.01	25.50	26.05	26.60	27.15	37.70	28.25	28.80	29.35	29.90
1 1/4"	20.63	36.75	37.55	38.35	39.15	39.95	40.75	41.55	42.35	43.15
1 1/2"	36.99	48.00	49.05	50.10	51.15	52.20	53.25	54.30	55.35	56.40
2"	62.31	75.00	76.65	78.30	79.95	81.60	83.25	84.90	86.55	88.20
3"	135.03	147.00	150.25	153.50	156.75	159.90	163.25	166.50	169.75	169.80
4"	236.33	228.00	233.05	238.10	243.15	248.20	253.25	258.30	263.35	268.40
6"	526.38	453.00	463.05	470.10	480.15	493.20	503.25	513.30	523.35	533.40
8"	932.46	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40
Volume Rate (per 1,000 gallons)	1.74	1.75	1.79	1.83	1.87	1.91	1.95	1.99	2.03	2.07
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	18.00	17.40	17.77	18.14	18.51	18.88	19.25	19.62	19.99	20.36
1"	28.66	39.00	39.85	40.70	41.55	42.40	43.25	44.10	64.94	45.80
1 1/4"	31.32	57.00	58.25	59.50	60.75	62.00	63.25	64.50	86.55	67.00
1 1/2"	57.97	75.00	76.65	78.30	79.95	81.60	83.25	84.90	136.47	88.20
2"	99.29	118.20	120.81	123.42	126.03	128.64	131.25	133.86	136.47	139.08
3"	217.88	233.40	238.57	243.74	248.91	254.08	259.25	264.42	269.59	276.76
4"	383.13	363.00	371.05	379.10	387.15	395.20	403.25	411.30	419.35	427.40
6"	856.19	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40
8"	1,518.47	1,153.00	1,180.65	1,206.30	1,231.95	1,257.60	1,283.25	1,308.90	1,334.55	1,360.20
Volume Rate (per 1,000 gallons)	2.84	2.80	2.86	2.93	2.99	3.06	3.12	3.18	3.25	3.31

(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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 20.54	\$ 20.60	\$ 21.20	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30	\$ 26.05
1"	32.90	46.85	48.20	50.68	51.15	52.63	54.23	55.83	57.55	59.28
1 1/4"	35.99	68.73	70.70	72.86	75.03	77.19	79.54	81.89	141.98	86.96
1 1/2"	66.88	90.60	93.20	96.05	98.90	101.75	104.85	107.95	111.30	114.65
2"	114.78	143.10	147.20	151.70	156.20	167.70	165.60	170.50	175.80	181.10
3"	252.25	283.10	291.20	300.10	309.00	317.90	327.60	337.30	347.80	358.30
4"	444.16	440.60	453.20	467.05	480.90	494.75	509.85	524.95	541.30	557.65
6"	992.18	878.10	903.20	930.80	958.40	986.00	1,016.10	1,046.20	1,078.80	1,111.40
8"	1,759.95	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90
Volume Rate (per 1,000 gallons)	2.13	2.48	2.55	2.63	2.71	2.79	2.87	2.96	3.05	3.14
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	30.73	31.10	32.00	32.98	33.96	34.94	36.00	37.06	38.20	39.34
1"	50.88	73.10	75.20	77.51	79.80	82.11	84.61	87.11	89.80	92.51
1 1/4"	55.92	108.11	111.20	114.60	118.01	121.40	125.10	128.80	132.81	136.80
1 1/2"	106.30	143.10	147.20	151.70	156.20	160.70	165.60	170.50	175.80	181.10
2"	184.41	227.10	233.60	240.74	247.88	255.02	262.60	270.58	279.00	287.42
3"	408.66	451.10	464.00	478.18	492.36	506.54	522.00	537.46	554.20	570.94
4"	721.06	703.10	723.20	745.30	767.40	789.50	813.60	837.70	863.80	889.90
6"	1,615.48	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90
8"	2,867.66	2,243.10	2,307.20	2,448.10	2,448.20	2,518.70	2,595.60	2,672.50	2,755.80	2,839.10
Volume Rate (per 1,000 gallons)	3.19	3.48	3.97	4.08	4.21	4.34	4.46	4.59	4.88	5.02

(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⁾									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government Admin.	12	13	14	12	12	11	11	11	12	13
Finance Department	10	10	10	9	9	9	9	9	9	9
Personnel Department	5	5	6	6	5	6	6	6	6	6
Community Services Department	8	8	8	8	8	5	5	5	6	6
Public Safety										
Police	143	153	153	154	146	150	149	149	137	137
Fire	72	85	85	85	86	85	85	85	86	85
Total Public Safety	215	238	238	239	232	235	234	234	223	222
Public Works Department										
Streets and Beautification	30	30	30	36	50	50	50	50	51	53
Sanitation	27	27	27	27	27	27	27	27	26	26
Equipment Maintenance	7	7	7	7	7	7	7	7	7	7
Total Public Works	64	64	64	70	84	84	84	84	84	86
Parks and Recreation	39	41	41	41	26	26	27	27	32	30
Urban Planning & Development	8	8	7	5	4	4	4	4	5	4
Buildings Inspections & Permits ⁽²⁾	0	0	0	0	0	0	0	0	5	5
Water and Sewer	118	119	120	122	118	120	121	127	128	132
Stormwater	10	9	9	9	8	8	8	8	8	8
Total Employees	489	515	517	521	506	508	509	515	518	521

Source: City of Florence Budget

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

(2) Building Inspections & Permitting Department was created in February 2017

Table 25

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical Arrests	3,633	2,740	2,965	3,570	3,386	3,009	4,448	3,566	3,847	2,190
Traffic Violations	8,775	12,697	7,728	7,923	6,693	9,758	7,454	9,578	9,181	6,497
Parking Violations	770	546	514	430	355	148	355	292	218	124
Fire										
Calls Answered	2,565	2,709	2,492	2,557	2,520	2,923	3,131	3,215	3,279	4,346
Inspections	1,040	1,797	1,992	1,735	1,744	1,341	1,595	1,281	1,462	2,845
Water System										
Service Connections ⁽¹⁾	30,814	30,396	30,546	30,789	31,949	32,179	32,239	32,355	31,861	32,319
Average daily production (in millions of gallons)	13.00	13.00	13.00	12.17	12.65	13.62	12.50	13.20	13.20	13.20
Maximum daily capacity (in millions of gallons)	26.00	26.00	26.00	25.60	26.46	26.46	26.46	26.50	26.50	26.50
Wastewater System										
Service connections ⁽¹⁾	19,954	19,641	19,780	19,954	21,070	21,259	21,353	21,444	20,758	21,197
Average daily treatment (in millions of gallons)	12.00	10.00	8.50	8.63	12.21	11.14	11.27	12.06	12.06	12.06
Maximum daily capacity (in millions of gallons)	18.00	18.00	18.00	18.00	24.00	24.00	24.00	24.00	24.00	24.00

Source: Various City departments.

(1) In FY 2017-18 the City converted its utility billing and collection software system from a legacy program to the Tyler Technologies' Munis system. As part of the conversion process, the City conducted data cleanup to remove duplicate accounts and properties that no longer had a service connection. Additionally, in the legacy system, inactive customer accounts with a remaining balance due were included in the number of connections, but are now more accurately excluded from the number of connections in the Munis System. These conversion-related corrections have resulted in a small decrease from the prior year in the number of water and wastewater service connections reported.

Table 26

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	2	3	3	3	2	2	2	2	2
Resource Centers	6	9	5	6	4	3	4	4	3	3
Patrol units	100	133	159	165	168	164	159	159	158	133
Fire Stations	4	5	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (in miles) ⁽¹⁾	283	96	97	99	103	103	103	112	114	114
Streetlights (Leased)	6,375	6,670	6,722	6,722	6,756	6,996	7,121	7,389	7,490	7,632
Culture and Recreation										
Community centers	4	6	6	4	5	5	5	5	5	5
Parks	19	19	19	18	18	18	19	19	19	19
Park acreage	660	660	660	655	655	655	669	669	706	706
Tennis courts	48	54	50	49	50	50	50	50	50	50
Water System										
Water mains (in miles)	718	724	733	748	796	806	841	843	844	849
Fire hydrants	2,213	2,229	2,259	2,317	2,547	2,577	2,666	2,733	2,750	2,780
Wastewater System										
Sanitary sewers (in miles)	425	448	456	462	507	507	507	507	508	508
Treatment plants	1	1	1	1	2	2	2	2	2	2
Stormwater System										
Storm sewers (in miles) ⁽²⁾	115	75	76	76	76	76	77	77	77	95

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 represents the miles of storm drains owned by the City of Florence.

CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
June 30, 2019

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Employees	521
Area in square miles	25.27
Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,512
Education	
Number of elementary schools	14
Number of elementary school instructors	619
Number of secondary schools	8
Number of secondary school instructors	687
Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	897
Other data	
Business Licenses issued for fiscal year 2018-2019	4,228
New Business Licenses issued for fiscal year 2018-2019	819
Business License Receipts	\$ 10,013,291
Percent change in Business License receipts from prior year	0.06%
Franchise Fee Receipts	\$ 4,180,894
Percent change in Franchise Fee receipts from prior year	4.00%
Population (estimated population)	38,918
City of Florence gross retail sales for calendar year 2018.	\$ 2,508,823,609
Per Capita spending for calendar year 2018	\$ 64,464
Outstanding General Obligation Debt	\$ 10,795,778
Outstanding Revenue Debt	\$ 148,353,771
City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
Residential construction permits issued	651
Construction value	\$ 48,240,723
Commercial construction permits issued	159
Construction value	\$ 98,881,406

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S 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, 2019. 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, 2019.

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 with 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.



Florence, South Carolina

City of Florence, South Carolina

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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	\$ 15,000	\$ 290,792
Total Direct Department of Housing and Urban Development			<u>15,000</u>	<u>290,792</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	44,303
Neighborhood Stabilization Program	14.228	11-NSP-116	-	66,989
Subtotal CFDA 14.228			<u>-</u>	<u>111,292</u>
Total Department of Housing and Urban Development			<u>15,000</u>	<u>402,084</u>
U.S. Department of Justice				
Direct Programs				
Bureau of Justice Assistance Grant	16.738	2017-DJ-BX-0560	-	24,792
Bureau of Justice Assistance Grant	16.738	2018-DJ-BX-0586	-	28,051
Total Department of Justice			<u>-</u>	<u>52,843</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	F1-15-378-25	-	414,360
Capitalization Grants for Clean Water State Revolving Funds	66.458	X1-200-17-378-24	-	3,425,148
Total Environmental Protection Agency			<u>-</u>	<u>3,839,508</u>
U.S. Department of Agriculture Rural Development				
Direct Program				
Emergency Community Water Assistance Grant	10.763	N/A	-	442,754
Total Department of Agriculture			<u>-</u>	<u>442,754</u>
U.S. Department of Homeland Security				
Passed through S.C. Adjutant General				
Disaster Grants - Public Assistance (FEMA)	97.036	N/A	-	279,050
Total Department of Homeland Security			<u>-</u>	<u>279,050</u>
Total Expenditures of Federal Awards			<u>\$ 15,000</u>	<u>\$ 5,016,239</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, 2019

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, 2019, the City had the following outstanding loans:

	<u>CFDA #</u>	<u>Amount</u>
U.S. Environmental Protection Agency		
Timmonsville Sewer System Rehabilitation - Phase 2	66.458	<u>5,223,247</u>
Total Environmental Protection Agency		<u>5,223,247</u>
Total Loans Outstanding		<u>\$ 5,223,247</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	\$ 15,000

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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 programs tested as major programs include: Capitalization Grants for Clean Water State Revolving Funds - CFDA No. 66.458 and 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, 2019

None

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**INDEPENDENT AUDITOR'S 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, 2019, 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 23, 2019.

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