

**CITY OF FLORENCE, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**



**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, 2020**

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November 30, 2020

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, 2020.

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 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, 2020 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, 2020, 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 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. The MD&A provides financial highlights and an interpretation of the financial reports through trend analysis and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.



## **Profile of the Government**

The City, chartered in 1890, is 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 the governing body.

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 for, among other things, 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 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 2019, 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 2020 to revise and update the City's water and wastewater rate schedules for a ten-year period beginning in Fiscal Year 2021 and continuing through fiscal year 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 Timmons ville 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 Timmons ville water and sewer utility system, a system that was not in compliance with EPA and SCDHEC regulations. As part of the acquisition the City of Florence entered into a consent decree with EPA and SCDHEC, based upon a plan of necessary corrective actions identified by the City's engineers. Capital improvements for both the Timmons ville water and sewer systems in the estimated amount of \$12.7 million were identified and approved by US EPA, 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 Timmons ville System water and sewer systems, were incorporated into a financial plan developed by the City for the total system repair and upgrade cost. Since the City's acquisition of the Timmons ville system in January 2014, City Council has approved the use of \$2.5 million in additional grant funding sources for upgrades to this system, bringing the total estimated cost of improvements to \$15 million.

Projects to repair and improve the Timmons ville system have been completed on the Timmons ville System as identified and required by the consent decree, and the Timmons ville 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 SRF loans 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 Timmons ville system. Upon conveyance of the Timmons ville system to the City on January 9, 2014, an obligation held by BB&T bank in the total principal and interest amount of \$343,751 was paid in full by the City. Also on that date a USDA, Rural Development outstanding indebtedness in the principal amount of \$6,111,310 was assumed by the City through the issuance of a Waterworks and Sewerage System Junior Lien Revenue Bond in an amount not to exceed \$6.2 million to refund all of the Town's revenue bonds held by Rural Development. The outstanding Rural Development debt issued by the City is a 40-year junior lien obligation with an interest rate of 1.875%. Revenues generated by the Timmons ville system will be used to fund the outstanding Rural Development debt.

Finally, in order to further improve the Timmons ville sewer utility system, the City recently received a grant from the State of South Carolina in the amount of \$1,000,000.

**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 \$125,000,000. The annual debt service on this bond will be funded by the proceeds of the capital project sales tax.

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 2020.

On July 16, 2020, Florence County Council adopted an ordinance to place a referendum on the November 3, 2020 ballot for the Florence County voters to consider the extension of the collection of the capital project sales tax from the period beginning May 1, 2021 until April 30, 2028 and to approve the issuance of a general obligation bond in an amount not to exceed \$120,000,000. The proceeds of this bond would fund a myriad of projects in the "Capital Project Sales Tax III" program.

**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 several 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 2020.

**Installment Purchase Revenue Bond for Downtown Development** – On September 8, 2020, the City issued \$26,365,000 installment purchase revenue bonds (IPRBs). Approximately \$7,500,000 of the proceeds of these bonds were used to payoff bond anticipation notes that were issued in 2018 and subsequently reissued in 2019. The proceeds of the bond anticipation notes were used to purchase approximately 6 acres of land in the downtown area directly across from the City Center administrative building. During 2020, the City entered into a contract with a developer to construct a 100 bed hotel, a 100 unit apartment complex, a 30,000 square foot office building, and 10 to 15 townhomes on this site. The City will use approximately \$9,500,000 of the proceeds of the IPRBs to construct a 325 space parking deck in the center of this site. The total private and public investment on this site is estimated to be \$65,000,000.

An additional \$2,000,000 of the IPRBs will be used to renovate an old abandoned movie theater in the downtown area and convert this building into an event space. The remaining \$7,000,000 proceeds of the IPRBs will be used for the athletic complex discussed later in this letter.

**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.

The funding for this 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 Capital Project Sales Tax II program 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 was being provided by the Bruce and Lee Foundation over a three-year period beginning in 2017, it was necessary to issue a General Obligation Bond through 2020 to provide short-term funding for the construction project. 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 to provide additional funding for a 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 rate 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 began 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 pavilion to serve the soccer complex. 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 was completed in January 2020.

**Installment Purchase Revenue Bonds for Recreation and Athletic Capital Improvements** – City staff presented several 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 bond issue, at an estimated total of \$15 million, 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 rate 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. Lola Jones and Maple Park community centers were completed in 2020 utilizing this IPRB funding.

On September 8, 2020, the City issued \$10,970,000 installment purchase refunding revenue bonds at an interest rate of 1.49% to refund the Installment Purchase Revenue Bond issued in November 2017 noted above. This refunding generated a net present value savings in excess of \$1,000,000.

**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 several 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 has also created 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 this 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." Two of the homes in this development were constructed during 2020. 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 began 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.

**Fire stations** – On September 9, 2020, the City issued \$6,200,000 in General Obligation Bonds. The proceeds of these bonds will be used to construct two new fire stations – Station No. 4 and Station No. 6 – and to purchase fire apparatus for Station No. 6. The property for the current Station No. 4 was sold to a local financial institution for this institution to expand its operations. This necessitated the relocation of Station No. 4. Station No. 6 is a new station which will be constructed on the west side of the City in order to service the growth in that area of the City.

#### **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, 2019. 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 2019 marks the twenty-second 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,



Kevin V. Yokim  
Assistant City Manager



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

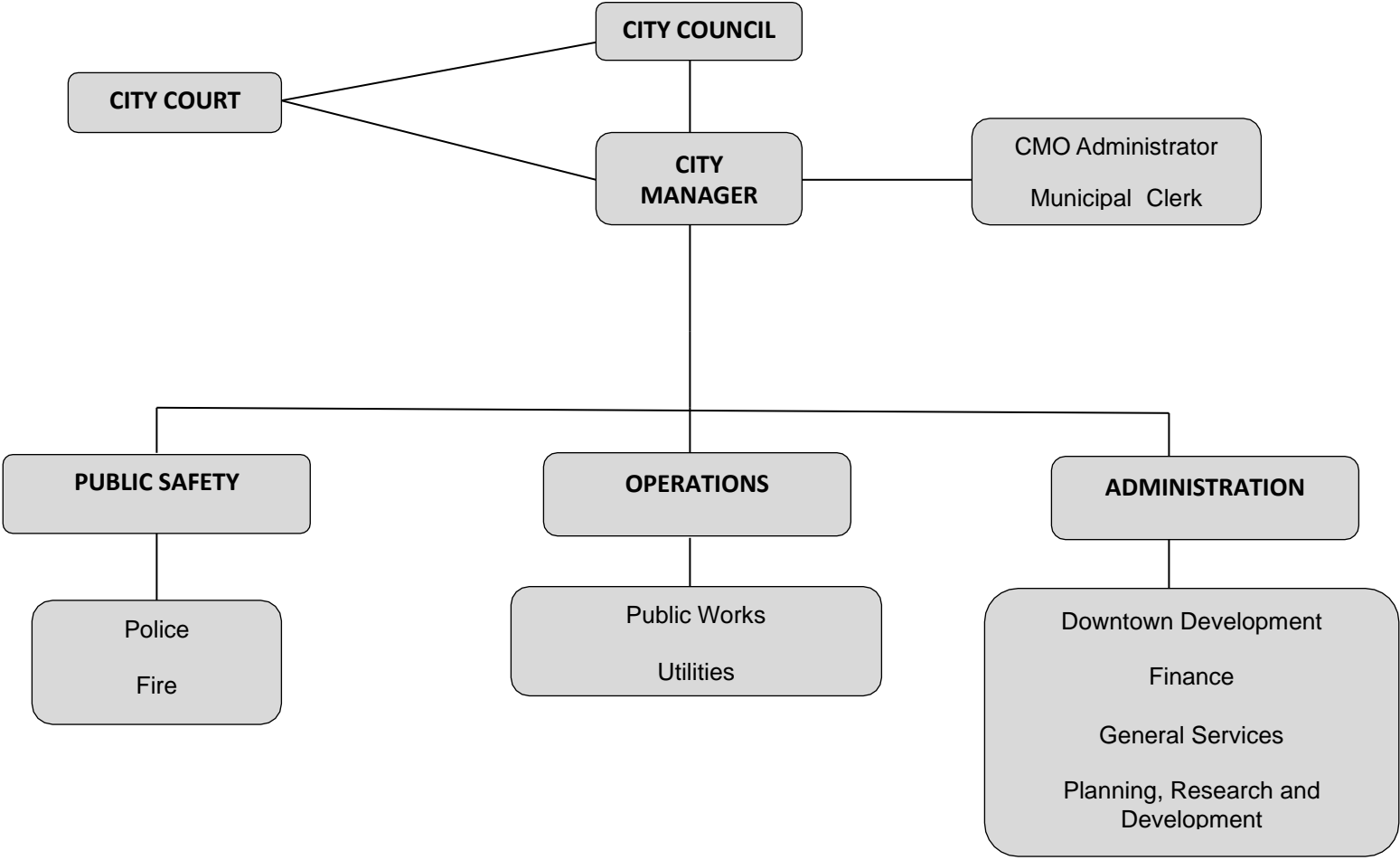
June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



**CITY OF FLORENCE ORGANIZATIONAL CHART  
FY 2019-20**



**CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL OFFICIALS  
JUNE 30, 2020**

**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**

Randall S. Osterman, City Manager

Scotty B. Davis, Deputy City Manager

James C. Moore, Assistant City Manager

Kevin V. Yokim, Assistant City Manager

Jerry B. Dudley, Planning Director

Allen L. Heidler, Police Chief

Michael D. Hemingway, Utilities Director

Charles E. Pope, Jr., Public Works Director

Shannon Tanner, Fire Chief

**FINANCIAL SECTION**

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

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

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, 2020, 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, 2020, 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 26, 2020, 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 26, 2020

## 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, 2020. 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 follow 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:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$183,178,727 (*net position*). Of this amount, \$11,183,584 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,988,648 during the fiscal year ended June 30, 2020, with a \$3,952,891 increase resulting from governmental activities and a \$2,035,757 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$49,134,914, a decrease of \$1,177,810 in comparison with the prior year. Approximately 37.2 percent of this total amount, \$18,301,481 is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,301,481, or 39.8 percent of the total General Fund expenditures.
- The City had \$197.4 million in bonds and notes outstanding versus \$196.4 million last year, an increase of \$1.0 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'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'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 include general government, public safety, public works, community development, and culture and recreation services. The business-type activities of the City 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 pages 42-43 of this report.

**Proprietary funds.** The City 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 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 100-143 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, assets and deferred outflows exceeded liabilities and deferred inflows by \$183,178,727 at the close of the most recent fiscal year.



By far the largest portion of the City's net position (89.6% percent) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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, \$11,183,584, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported 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 one exception is the governmental activities Unrestricted Net Position which 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 54,341,785	\$ 57,023,695	\$ 55,691,258	\$ 58,179,675	\$ 110,033,043	\$ 115,203,370
Capital assets	96,805,213	93,865,951	239,106,241	231,107,413	335,911,454	324,973,364
Total assets	151,146,998	150,889,646	294,797,499	289,287,088	445,944,497	440,176,734
Deferred Outflow s	5,698,601	6,239,005	1,994,151	2,048,653	7,692,752	8,287,658
Long-term liabilities	112,703,754	115,138,720	148,215,193	144,054,888	260,918,947	259,193,608
Other liabilities	5,271,007	6,879,876	2,835,390	3,577,036	8,106,397	10,456,912
Total liabilities	117,974,761	122,018,596	151,050,583	147,631,924	269,025,344	269,650,520
Deferred Inflow s	1,320,709	1,512,817	112,469	110,976	1,433,178	1,623,793
Net Position:						
Net investment in capital assets	53,146,832	51,255,140	111,026,196	102,974,482	164,173,028	154,229,622
Restricted	3,932,339	3,862,325	3,889,776	7,841,160	7,822,115	11,703,485
Unrestricted	(19,529,042)	(21,520,227)	30,712,626	32,777,199	11,183,584	11,256,972
Total net position	\$ 37,550,129	\$ 33,597,238	\$ 145,628,598	\$ 143,592,841	\$ 183,178,727	\$ 177,190,079

### City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 17,771,616	\$ 18,140,380	\$ 38,689,978	\$ 37,688,509	\$ 56,461,594	\$ 55,828,889
Operating grants and contributions	2,944,931	2,712,773	-	-	2,944,931	2,712,773
Capital grants and contributions	85,000	941,560	3,347,746	191,335	3,432,746	1,132,895
General Revenues:						
Property taxes	11,280,518	11,022,616	-	-	11,280,518	11,022,616
Hospitality fees	4,205,349	4,342,184	-	-	4,205,349	4,342,184
Grants and contributions not restricted to specific programs	4,659,987	9,152,620	-	-	4,659,987	9,152,620
Other	2,700,123	2,203,848	1,736,453	2,473,729	4,436,576	4,677,577
Total Revenues	43,647,524	48,515,981	43,774,177	40,353,573	87,421,701	88,869,554

### City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2020	2019	2020	2019	2020	2019
Expenses:						
General Government	11,128,639	9,236,887	-	-	11,128,639	9,236,887
Public Safety	15,338,078	14,208,407	-	-	15,338,078	14,208,407
Public Works	7,797,621	6,037,673	-	-	7,797,621	6,037,673
Culture and Recreation	3,546,944	4,280,394	-	-	3,546,944	4,280,394
Community Development	3,491,822	16,067,752	-	-	3,491,822	16,067,752
Interest on long-term debt	2,279,529	2,088,378	-	-	2,279,529	2,088,378
Water and Sewer	-	-	36,718,131	29,139,836	36,718,131	29,139,836
Stormwater	-	-	1,132,289	1,518,702	1,132,289	1,518,702
Total Expenses	<u>43,582,633</u>	<u>51,919,491</u>	<u>37,850,420</u>	<u>30,658,538</u>	<u>81,433,053</u>	<u>82,578,029</u>
Increase (decrease) in net position before transfers	64,891	(3,403,510)	5,923,757	9,695,035	5,988,648	6,291,525
Transfers	<u>3,888,000</u>	<u>3,870,000</u>	<u>(3,888,000)</u>	<u>(3,870,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3,952,891	466,490	2,035,757	5,825,035	5,988,648	6,291,525
Net position - beginning	<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>
Net position - ending	<u>\$ 37,550,129</u>	<u>\$ 33,597,238</u>	<u>\$ 145,628,598</u>	<u>\$ 143,592,841</u>	<u>\$ 183,178,727</u>	<u>\$ 177,190,079</u>

**Governmental activities.** Governmental activities increased the City's net position by \$3,952,891. 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 was allocated \$21,774,375 for projects within the city limits. During the current fiscal year Florence County reimbursed the City \$620,568 for capital sales tax projects that are currently under construction within the City.

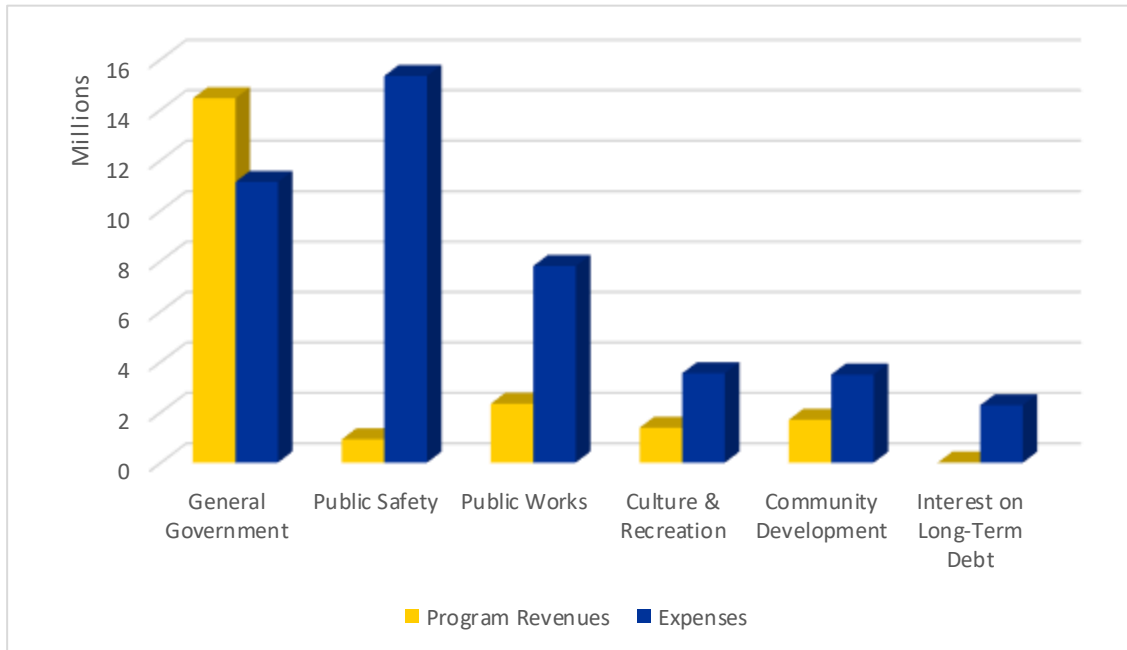
On October 9, 2016 Hurricane Matthew made landfall in South Carolina affecting the Florence area with downed trees, wind damage, flooding, power outages, and damage to the City's infrastructure. The hurricane left approximately 150,000 cubic yards of debris within the City. In addition to using city 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, 2020, the accounts receivable balance remaining was \$284,589 which is for water and sewer infrastructure damaged during Hurricane Matthew.

On November 15, 2017, the City 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 2019-20 the City continued several of the recreational projects and expended a total of \$1,510,180. To date, the City has expended \$4,825,313 of the \$15 million borrowing. Subsequent to year end, on September 9, 2020 the City closed on an IPRB Series 2020B to refinance the 2017 Series IPRB. The 2020B Series will mature on November 1, 2032. This refinancing will save the City approximately \$1,042,000 over the life of the bonds.

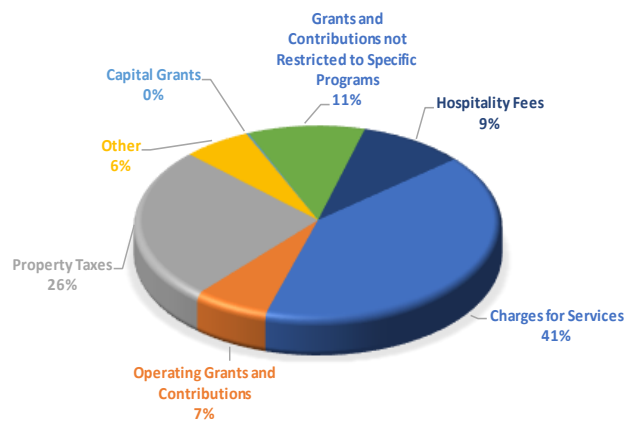
Also subsequent to year end, on September 9, 2020 the City issued \$26,365,000 Installment Purchase Revenue Bonds (IPRB) to construct an Athletic Complex to include a NCAA Stadium, refurbish an abandoned downtown theater, and construct a parking garage as part of an economic development project. This issue will mature in November 2045. On September 10, 2020, the City issued \$8,487,000 in General Obligation Bonds Series 2020 and Series 2020A. These bonds were issued to refinance the outstanding balance of the City's 2010 Series General Obligation Bonds and the construction of 2 fire stations; one will be

relocated, and a second will be a new facility, and to purchase fire apparatus for the new station. The refinanced amount was \$2,220,000 and will mature in September 2025 and will save the City approximately \$103,000 over the life of the bonds.

### Expenses and Program Revenues – Governmental Activities



### Revenue by Source – Governmental Activities



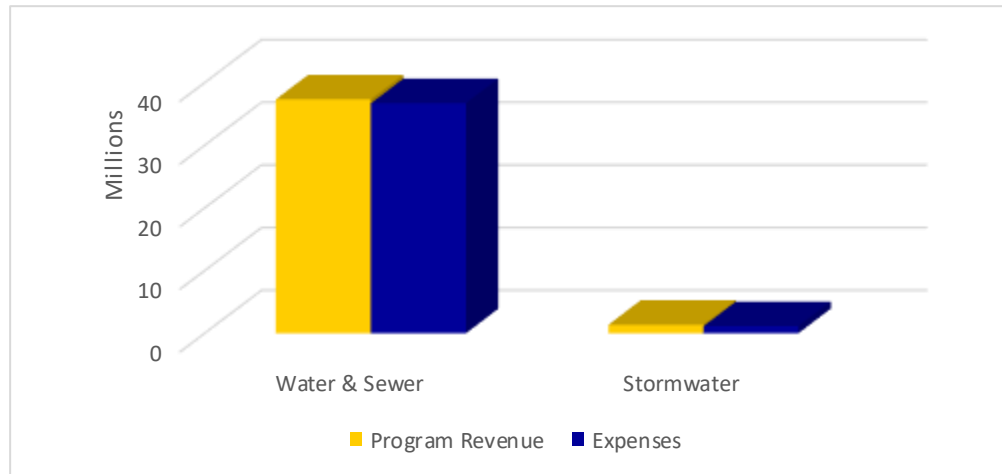
**Business-type activities.** Business-type activities increased the City's net position by \$2,035,757 accounting for 34.0 percent of the total growth in the City's net position. Key elements of this increase are as follows:

**Capital Water and Sewer Projects** – In the fiscal year ended June 30, 2020 the City spent \$114,727 to renovate one of the Timmonsville System's water plants. This plant was acquired in January 2014 from the Town of Timmonsville as part an agreement with the USEPA and SCDHEC to own, operate, and maintain the Timmonsville Water and Sewer System. Previous upgrades and rehabilitation were required by a consent decree entered into by the City to bring the system into compliance with

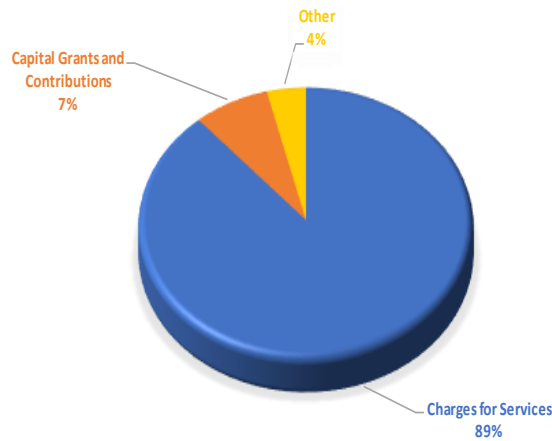
federal and state regulation. On August 2, 2019 the City, working with the EPA, submitted the completed closeout package for the consent decree. In a continuing effort to upgrade the Timmons ville System, the City has been awarded a \$1,000,000 grant from the State of South Carolina. Additional information 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 spent \$14,260,328 for other capital projects in the Water and Sewer Fund. With a combination of the Timmons ville project and other completed water and sewer projects, the City capitalized \$15,195,091 and booked \$965,598 in Construction in Process for uncompleted projects.

The City's Stormwater Fund capitalized \$59,096 in completed stormwater projects.

**Revenue by Source – Business-type Activities**



**Revenue by Source – Business-type Activities**



## Financial Analysis of the City'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's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a City'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 \$49,134,914, a decrease of \$1,177,810 in comparison with the prior year. Approximately 37.2 percent of this total amount or \$18,301,481 constitutes unassigned fund balance, which is available for spending at the City'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: \$8,173,709, 2) restricted for particular purposes: \$18,436,319, 3) committed for particular purposes: \$128,732, or 4) assigned for particular purposes: \$4,094,673. 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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,301,481, while total fund balance was \$30,187,394. 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 39.8 percent of total General Fund expenditures, while total fund balance represents 60.6 percent of that same amount.

During the current fiscal year the City's fund balance of the General Fund increased by \$2,880,233. This amount represents a 10.5% increase. Due to COVID-19, the City began to delay the purchase of large items and capital assets, unless it was necessary. This allowed the City to recognize a slight increase in Unreserved Fund Balance.

The Hospitality Fund has a total fund balance of \$1,102,296, a decrease of 55.4%. The decrease is in part due to grant funds for construction of the City's Soccer Complex Pavilion being exhausted as the project was finished during FY 2019-20. The City had been granted a total of \$2,434,000 by the Doctors Bruce and Lee Foundation (the Foundation) for the construction of the pavilion, with the funds being granted over 3 years. Also, the Foundation had previously granted the City \$6,750,000 which was paid to the City over a 3-year period. The City issued bonds to advance the funds to begin construction. The bonds were paid back in 4 years. The last year payment of \$750,000 was paid from Fund Balance as the City had received the final payment in FY 2018-19.

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 \$299,248 is committed for the repayment of the TIF bonds.

The City 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 2.7 mills. The entire fund balance of \$771,705 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.

**Proprietary funds.** The City'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 \$30,712,626. The total growth in the net position was \$2,035,757. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The City's final amended General Fund budget was \$5,603,200 greater than the original budget of \$38,489,000. City Council amended the General Fund budget twice during the fiscal year that ended June 30, 2020. The first amendment increased From Unappropriated Reserve revenues by \$3,450,000 for the re-appropriation of funds to fund projects and purchase equipment budgeted in fiscal year 2018-19 but deferred until fiscal year 2019-20. The second amendment increased Other Animal Shelter Revenues by \$10,000 provide for a gift received to fund improvements to the animal shelter. Also increased was From

Unappropriated Revenue in the amount of \$1,843,200 to re-appropriate monies for the completion of projects and purchases which were not finalized at the end of FY 2019-20. Lastly, the second amendment increased From Unappropriated Reserves in the amount of \$300,000 for projects and purchases which were not included in the FY 2019-20 budget.

**Original Budget vs Final Budget Variances**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
<b>Revenues</b>				
Property Tax	\$ 10,240,600	\$ 9,829,300	\$ (411,300)	-4.02%
Licenses, Permits and Fees	14,010,000	13,953,900	(56,100)	-0.40%
Governmental Reimbursements	4,866,900	5,109,800	242,900	4.99%
Permits and Fees	2,580,000	2,569,360	(10,640)	-0.41%
Fines and Forfeitures	383,000	234,995	(148,005)	-38.64%
Interest Revenue	140,000	150,000	10,000	7.14%
Miscellaneous Revenue	589,500	931,645	342,145	58.04%
Other Funding Sources	110,000	5,713,200	5,603,200	5093.82%
<b>Expenditures</b>				
City Council	\$ 348,320	\$ 343,740	\$ (4,580)	-1.31%
Legal Services	147,700	125,830	(21,870)	-14.81%
City Court	592,990	560,540	(32,450)	-5.47%
City Manager	518,290	497,020	(21,270)	-4.10%
Finance and Accounting	1,035,220	1,060,080	24,860	2.40%
Human Resources	672,000	718,740	46,740	6.96%
Community Services	416,500	404,170	(12,330)	-2.96%
Police	9,632,640	10,732,420	1,099,780	11.42%
Fire	6,208,220	6,279,190	70,970	1.14%
Beautification and Facilities	3,298,170	3,381,510	83,340	2.53%
Sanitation	3,778,140	3,905,900	127,760	3.38%
Equipment Maintenance	540,280	521,220	(19,060)	-3.53%
Recreation Services/Sports Tourism	1,539,190	1,495,340	(43,850)	-2.85%
Athletic Programs	1,947,360	2,355,160	407,800	20.94%
Planning Research and Development	412,710	505,960	93,250	22.59%
Building Inspections and Permits	482,370	485,350	2,980	0.62%
Debt Service	2,742,000	1,243,000	(1,499,000)	-54.67%
Other Employee Benefits	766,000	788,000	22,000	2.87%
General Insurance/Claims	679,000	686,000	7,000	1.03%
Community Programs	388,000	649,000	261,000	67.27%
Non-Departmental	2,343,900	7,354,030	5,010,130	213.75%
			<u>\$ 5,603,200</u>	

**Significant Variance - Budget to Actual**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
<b>Revenues</b>				
Interest Revenue	\$ 150,000	\$ 195,164	\$ 45,164	30.11%
<b>Expenditures</b>				
Police Department	\$ 10,732,420	\$ 8,766,656	\$ (1,965,764)	-18.32%
Recreation/Sports Tourism	1,495,340	1,092,008	(403,332)	-26.97%
Athletic Programs	2,355,160	1,631,757	(723,403)	-30.72%
Non-Departmental	7,354,030	4,092,299	(3,261,731)	-44.35%
			<u>\$ (6,354,230)</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, 2020, amounts to \$335,911,454 (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 \$10,938,090 (a 3.13 percent increase for governmental activities and a 3.46 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 2019-20 the City purchased properties totaling \$839,735. Of this amount, \$256,498 was used to purchase land to relocate one of the City's fire stations. Additional properties purchased totaling \$583,237 will be utilized in the City's efforts for future downtown revitalization efforts.

The City has arranged several funding sources to complete approximately \$12.7 million in projects designed to bring the Town of Timmonsville water and sewer system that the City acquired in January 2014 into compliance with Environmental Protection Agency (EPA) and South Carolina Department of Health and Environmental Control (SCHEC) regulations. Several State Revolving Fund loans, including loan principal forgiveness, and several grant funding sources will provide funding for the needed improvements. The combined State Revolving Fund (SRF) financed funds will total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans will be financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development. As part of the Timmonsville System conveyance agreement, the City assumed, as a junior lien, a \$6.1 million Rural Development Loan from the Town of Timmonsville. Additionally, upon conveyance, the City paid off an obligation of the Timmonsville System held by BB&T in the amount of \$343,751. Additional information on the Town of Timmonsville water and sewer system acquisition is provided in the Transmittal Letter. During fiscal year 2019-20 the City spent \$114,727, which completed the projects originally identified by the City to bring the Timmonsville system into compliance.

In November 2013 Florence County voters approved a county-wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by the "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 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, 2020 the City has expended \$18,887,194 in Capital Sales Tax funds.

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 18,470,643	\$ 19,005,739	\$ 1,670,030	\$ 2,322,986	\$ 20,140,673	\$ 21,328,725
Buildings and Systems	34,281,477	29,480,982	223,499,936	217,568,084	257,781,413	247,049,066
Infrastructure	30,412,785	21,850,786	-	-	30,412,785	21,850,786
Machinery and Equipment	4,843,387	5,237,599	3,893,020	3,314,291	8,736,407	8,551,890
Construction in Process	8,796,921	18,290,845	10,043,255	7,902,052	18,840,176	26,192,897
<b>Totals</b>	<u>\$ 96,805,213</u>	<u>\$ 93,865,951</u>	<u>\$ 239,106,241</u>	<u>\$ 231,107,413</u>	<u>\$ 335,911,454</u>	<u>\$ 324,973,364</u>

Additional information on the City's capital assets can be found in note IV.C beginning on page 65 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$9,943,388, which is backed by the full faith and credit of the City. Other bonds totaling \$167,878,645 are backed by specified revenue sources; the remaining \$24,696,334 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	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 9,943,388	\$ 10,795,778	\$ -	\$ -	\$ 9,943,388	\$ 10,795,778
Revenue Bonds	54,967,000	56,682,000	112,911,645	91,671,771	167,878,645	148,353,771
Notes Payable	285,000	350,000	19,317,822	36,923,800	19,602,822	37,273,800
Capital Leases	5,093,512	5,475,146	-	-	5,093,512	5,475,146
<b>Totals</b>	<u>\$ 70,288,900</u>	<u>\$ 73,302,924</u>	<u>\$ 132,229,467</u>	<u>\$ 128,595,571</u>	<u>\$ 202,518,367</u>	<u>\$ 201,898,495</u>

The City's total debt increased by \$619,872 (0.3 percent) during the current fiscal year.

The City 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 \$14,087,059 exceeds the City's outstanding general obligation debt (net of amount available in the debt service fund) of \$9,177,091 by \$4,909,968.

Additional information on the City's long-term debt can be found in note IV. E and F beginning on page 67 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 2021 fiscal year:

- Amounts available in FY 2020-21 for appropriation in the General Fund are for \$40.685 million, a decrease of 7.7% from the FY 2019-20 final revised budget of \$44.092 million. The City's budget amendments were reviewed earlier in this report.
- In FY 2020-21 the City's total millage rate increased to 63.1 mills. The total millage includes 59.1 operating mills and 4.0 debt service mills. The 1.3 mill increase in debt service millage is due to additional debt service added in FY 2020-21 for the construction of two fire stations. One of the City's existing fire stations is being relocated and a sixth fire station is being added to maintain response times to maintain the City's ISO 1 rating.
- The City's FY 2020-21 budget was substantially complete when the corona virus (COVID-19) pandemic caused shutdowns and caused the South Carolina economy to slow. Because of this the City's budget did not reflect any downward adjustments due to COVID-19. City staff is constantly monitoring revenues. In January of each year the city department directors conduct a mid-year review of their expenses and can make request for adjustments which will be considered based on availability from other expense savings.



- The Florence area unemployment rate increased 144% from 3.6% in June 2019 to 8.8% in July 2020. This increase is a result of COVID-19. However, in March 2020 the unemployment rate for the City was 2.8%.

As for the City's business-type activities, we expect that the 2021 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 2020 incorporating the recommended rates. This ordinance increases the water and sewer rates incrementally each year through fiscal year 2030.
- 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 meters in the Timmons ville system after it was acquired by the City in 2014. The Flexnet system will offer more accurate readings and reduce the cost associated with reading meters.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**City of Florence, South Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,940,497	\$ 3,303,039	\$ 15,243,536
Receivables	6,146,734	5,386,569	11,533,303
Inventories	8,173,709	294,366	8,468,075
Investments	13,787,876	41,681,006	55,468,882
Restricted cash and cash equivalents	535,739	5,026,278	5,562,017
Restricted investments	13,757,230	-	13,757,230
Capital assets not being depreciated:			
Land	18,470,643	1,670,030	20,140,673
Construction in progress	8,796,921	10,043,255	18,840,176
Capital assets net of accumulated depreciation:			
Buildings and systems	34,281,477	223,499,935	257,781,412
Machinery and equipment	4,843,387	3,893,021	8,736,408
Infrastructure	30,412,785	-	30,412,785
<b>TOTAL ASSETS</b>	<u>151,146,998</u>	<u>294,797,499</u>	<u>445,944,497</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension charges	4,586,365	1,592,768	6,179,133
Deferred OPEB charges	1,112,236	401,383	1,513,619
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,698,601</u>	<u>1,994,151</u>	<u>7,692,752</u>
<b>LIABILITIES</b>			
Accounts payable	1,757,676	1,496,614	3,254,290
Retainage payable	60,135	42,305	102,440
Accrued interest payable	247,202	1,152,019	1,399,221
Other liabilities	949,743	144,452	1,094,195
Unearned revenue	2,256,251	-	2,256,251
Noncurrent liabilities			
Long-term obligations - Due within one year	10,564,016	6,922,054	17,486,070
Due in more than one year -			
Long-term obligations	62,578,587	126,054,792	188,633,379
Net pension liability	30,738,280	12,138,015	42,876,295
Net OPEB liability	8,822,871	3,100,332	11,923,203
<b>TOTAL LIABILITIES</b>	<u>117,974,761</u>	<u>151,050,583</u>	<u>269,025,344</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension credits	1,247,307	87,198	1,334,505
Deferred OPEB credits	73,402	25,271	98,673
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,320,709</u>	<u>112,469</u>	<u>1,433,178</u>
<b>NET POSITION</b>			
Net investment in capital assets	53,146,832	111,026,196	164,173,028
Restricted			
Debt service	771,705	3,889,776	4,661,481
Community development	2,311,731	-	2,311,731
Public safety	715,091	-	715,091
Tourism	133,812	-	133,812
Unrestricted	(19,529,042)	30,712,626	11,183,584
<b>TOTAL NET POSITION</b>	<u>\$ 37,550,129</u>	<u>\$ 145,628,598</u>	<u>\$ 183,178,727</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, 2020**

<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	\$ 11,128,639	\$ 14,232,255	\$ 134,799	\$ 85,000
Public safety	15,338,078	757,666	167,248	-
Public works	7,797,621	2,337,937	-	-
Culture and recreation	3,546,944	443,758	943,565	-
Community development	3,491,822	-	1,699,319	-
Interest on long-term debt	2,279,529	-	-	-
Total governmental activities	<u>43,582,633</u>	<u>17,771,616</u>	<u>2,944,931</u>	<u>85,000</u>
Business-type activities:				
Water and sewer	36,718,131	37,338,471	-	3,295,834
Stormwater	1,132,289	1,351,507	-	51,912
Total business-type activities	<u>37,850,420</u>	<u>38,689,978</u>	<u>-</u>	<u>3,347,746</u>
Total primary government	<u>\$ 81,433,053</u>	<u>\$ 56,461,594</u>	<u>\$ 2,944,931</u>	<u>\$ 3,432,746</u>

**General Revenues:**

- Property taxes
- Hospitality taxes
- Unrestricted intergovernmental
- Investment earnings
- Miscellaneous
- Gain on disposal of capital assets

**Transfers**

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

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**Net (Expense) Revenue and Changes in Net Position**

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<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ 3,323,415	\$ -	\$ 3,323,415
(14,413,164)	-	(14,413,164)
(5,459,684)	-	(5,459,684)
(2,159,621)	-	(2,159,621)
(1,792,503)	-	(1,792,503)
<u>(2,279,529)</u>	<u>-</u>	<u>(2,279,529)</u>
<u>(22,781,086)</u>	<u>-</u>	<u>(22,781,086)</u>
-	3,916,174	3,916,174
-	271,130	271,130
<u>-</u>	<u>4,187,304</u>	<u>4,187,304</u>
<u>(22,781,086)</u>	<u>4,187,304</u>	<u>(18,593,782)</u>
11,280,518	-	11,280,518
4,205,349	-	4,205,349
4,659,987	-	4,659,987
489,014	812,767	1,301,781
2,064,819	923,686	2,988,505
146,290	-	146,290
3,888,000	(3,888,000)	-
<u>26,733,977</u>	<u>(2,151,547)</u>	<u>24,582,430</u>
3,952,891	2,035,757	5,988,648
<u>33,597,238</u>	<u>143,592,841</u>	<u>177,190,079</u>
<u>\$ 37,550,129</u>	<u>\$ 145,628,598</u>	<u>\$ 183,178,727</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, 2020**

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,537,358	\$ 1,268,426	\$ -	\$ 3,134,713	\$ 11,940,497
Receivables					
Property taxes, less allowance for doubtful accounts	281,399	-	-	109,664	391,063
Due from other governmental agencies	5,117,596	-	-	263,288	5,380,884
Other	11,736	363,051	-	-	374,787
Due from other funds	400,443	-	-	-	400,443
Investments	13,154,306	-	-	633,570	13,787,876
Inventories	7,791,240	-	-	382,469	8,173,709
Restricted cash and cash equivalents	-	240,824	-	294,915	535,739
Restricted investments	-	-	11,184,521	2,572,709	13,757,230
<b>TOTAL ASSETS</b>	<u>\$ 34,294,078</u>	<u>\$ 1,872,301</u>	<u>\$ 11,184,521</u>	<u>\$ 7,391,328</u>	<u>\$ 54,742,228</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 706,686	\$ 769,847	\$ -	\$ 281,143	\$ 1,757,676
Retainage payable	11,096	-	-	49,039	60,135
Due to other funds	-	-	335,175	65,268	400,443
Other liabilities	949,585	158	-	-	949,743
Unearned revenue	2,256,251	-	-	-	2,256,251
<b>TOTAL LIABILITIES</b>	<u>3,923,618</u>	<u>770,005</u>	<u>335,175</u>	<u>395,450</u>	<u>5,424,248</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	183,066	-	-	-	183,066
Total deferred inflows of resources	183,066	-	-	-	183,066
Fund balances:					
Nonspendable	7,791,240	-	-	382,469	8,173,709
Restricted	-	1,102,296	10,849,346	5,424,527	17,376,169
Committed	-	-	-	1,188,882	1,188,882
Assigned	4,094,673	-	-	-	4,094,673
Unassigned	18,301,481	-	-	-	18,301,481
<b>TOTAL FUND BALANCES</b>	<u>30,187,394</u>	<u>1,102,296</u>	<u>10,849,346</u>	<u>6,995,878</u>	<u>49,134,914</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,294,078</u>	<u>\$ 1,872,301</u>	<u>\$ 11,184,521</u>	<u>\$ 7,391,328</u>	<u>\$ 54,742,228</u>

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

# City of Florence, South Carolina

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

### June 30, 2020

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Total fund balances for governmental funds	\$ 49,134,914
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 (\$138,117,877) less accumulated depreciation (\$41,312,664).	96,805,213
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.	(27,399,222)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	183,066
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(81,173,842)</u>
Net position of governmental activities	<u>\$ 37,550,129</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**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 10,732,983	\$ -	\$ -	\$ 442,766	\$ 11,175,749
Licenses, permits and fees	14,116,655	4,205,349	-	911,500	19,233,504
Intergovernmental	5,396,365	-	-	1,887,326	7,283,691
Charges for services	2,942,691	-	-	127,459	3,070,150
Fines and forfeitures	235,123	-	-	-	235,123
Investment earnings	205,228	7,943	194,999	80,844	489,014
Miscellaneous	2,004,855	1,009,000	-	676,468	3,690,323
<b>TOTAL REVENUES</b>	<u>35,633,900</u>	<u>5,222,292</u>	<u>194,999</u>	<u>4,126,363</u>	<u>45,177,554</u>
<b>Expenditures</b>					
Current:					
General government	7,741,847	1,659,603	-	-	9,401,450
Public safety	14,573,372	-	-	101,399	14,674,771
Public works	7,003,092	-	-	-	7,003,092
Culture and recreation	2,979,629	300,000	-	849	3,280,478
Community development	-	-	1,510,180	1,944,988	3,455,168
Debt service:					
Principal	8,526,849	1,636,000	-	432,390	10,595,239
Interest	881,697	218,611	-	1,179,221	2,279,529
Capital outlay	4,301,027	1,444,139	-	2,028,007	7,773,173
<b>TOTAL EXPENDITURES</b>	<u>46,007,513</u>	<u>5,258,353</u>	<u>1,510,180</u>	<u>5,686,854</u>	<u>58,462,900</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(10,373,613)</u>	<u>(36,061)</u>	<u>(1,315,181)</u>	<u>(1,560,491)</u>	<u>(13,285,346)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	7,365,000	-	-	-	7,365,000
Capital leases	216,215	-	-	-	216,215
Proceeds from sale of property	448,335	-	-	-	448,335
Insurance proceeds	189,986	-	-	-	189,986
Transfers in	5,034,310	-	-	452,900	5,487,210
Transfers out	-	(1,333,000)	-	(266,210)	(1,599,210)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>13,253,846</u>	<u>(1,333,000)</u>	<u>-</u>	<u>186,690</u>	<u>12,107,536</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>2,880,233</u>	<u>(1,369,061)</u>	<u>(1,315,181)</u>	<u>(1,373,801)</u>	<u>(1,177,810)</u>
Fund balances at beginning of year	<u>27,307,161</u>	<u>2,471,357</u>	<u>12,164,527</u>	<u>8,369,679</u>	<u>50,312,724</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 30,187,394</u>	<u>\$ 1,102,296</u>	<u>\$ 10,849,346</u>	<u>\$ 6,995,878</u>	<u>\$ 49,134,914</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, 2020

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Net change in fund balances-total governmental funds \$ (1,177,810)

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 (\$7,773,173) exceeded depreciation (\$3,744,440) in the current period. 4,028,733

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (1,089,471)

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. 104,769

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. 3,014,024

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. (1,094,839)

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. 167,485

Change in net position of governmental activities \$ 3,952,891

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 10,240,600	\$ 9,829,300	\$ 10,732,983	\$ 903,683
Licenses, permits and fees	14,010,000	13,953,900	14,116,655	162,755
Intergovernmental	4,866,900	5,109,800	5,396,365	286,565
Charges for services	2,580,000	2,569,360	2,942,691	373,331
Fines and forfeitures	383,000	234,995	235,123	128
Investment earnings	140,000	150,000	205,228	55,228
Miscellaneous	589,500	477,305	2,004,855	1,527,550
<b>TOTAL REVENUES</b>	<u>32,810,000</u>	<u>32,324,660</u>	<u>35,633,900</u>	<u>3,309,240</u>
<b>Expenditures</b>				
Current:				
General government	8,443,000	13,743,560	7,741,847	6,001,713
Public safety	15,612,560	15,487,480	14,573,372	914,108
Public works	7,188,090	7,191,190	7,003,092	188,098
Culture and recreation	3,352,250	3,537,600	2,979,629	557,971
Debt service:				
Principal	2,741,000	1,242,000	8,526,849	(7,284,849)
Interest	1,000	1,000	881,697	(880,697)
Capital outlay	1,151,100	2,883,330	4,301,027	(1,417,697)
<b>TOTAL EXPENDITURES</b>	<u>38,489,000</u>	<u>44,086,160</u>	<u>46,007,513</u>	<u>(1,921,353)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(5,679,000)</u>	<u>(11,761,500)</u>	<u>(10,373,613)</u>	<u>1,387,887</u>
<b>Other Financing Sources</b>				
Issuance of debt	-	-	7,365,000	7,365,000
Capital leases	-	-	216,215	216,215
Proceeds from sale of property	-	448,300	448,335	35
Insurance proceeds	110,000	120,000	189,986	69,986
Transfers in	5,569,000	5,600,000	5,034,310	(565,690)
Appropriation of fund balance	-	5,593,200	-	(5,593,200)
<b>NET OTHER FINANCING SOURCES</b>	<u>5,679,000</u>	<u>11,761,500</u>	<u>13,253,846</u>	<u>1,492,346</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	2,880,233	2,880,233
Fund balances at beginning of year	27,307,161	27,307,161	27,307,161	-
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 27,307,161</u>	<u>\$ 27,307,161</u>	<u>\$ 30,187,394</u>	<u>\$ 2,880,233</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses, permits and fees	\$ 4,410,000	\$ 4,400,000	\$ 4,205,349	\$ (194,651)
Investment earnings	5,000	15,000	7,943	(7,057)
Miscellaneous	<u>750,000</u>	<u>750,000</u>	<u>1,009,000</u>	<u>259,000</u>
<b>TOTAL REVENUES</b>	<u>5,165,000</u>	<u>5,165,000</u>	<u>5,222,292</u>	<u>57,292</u>
<b>Expenditures</b>				
Current:				
General government	262,000	287,000	1,659,603	(1,372,603)
Culture and recreation	300,000	300,000	300,000	-
Debt service:				
Principal	1,855,200	1,855,200	1,636,000	219,200
Interest	-	-	218,611	(218,611)
Capital Outlay	<u>1,312,300</u>	<u>1,312,300</u>	<u>1,444,139</u>	<u>(131,839)</u>
<b>TOTAL EXPENDITURES</b>	<u>3,729,500</u>	<u>3,754,500</u>	<u>5,258,353</u>	<u>(1,503,853)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,435,500</u>	<u>1,410,500</u>	<u>(36,061)</u>	<u>(1,446,561)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	<u>(1,435,500)</u>	<u>(1,410,500)</u>	<u>(1,333,000)</u>	<u>77,500</u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>(1,435,500)</u>	<u>(1,410,500)</u>	<u>(1,333,000)</u>	<u>77,500</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(1,369,061)	(1,369,061)
Fund balance at beginning of year	<u>2,471,357</u>	<u>2,471,357</u>	<u>2,471,357</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 2,471,357</u>	<u>\$ 2,471,357</u>	<u>\$ 1,102,296</u>	<u>\$ (1,369,061)</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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,783,281	\$ 1,519,758	\$ 3,303,039
Accounts receivable, net	5,144,298	104,131	5,248,429
Due from other governmental agencies	138,140	-	138,140
Investments	41,083,957	597,049	41,681,006
Inventories	294,366	-	294,366
Restricted cash and cash equivalents	4,995,630	30,648	5,026,278
Total current assets	<u>53,439,672</u>	<u>2,251,586</u>	<u>55,691,258</u>
Noncurrent assets:			
Capital assets			
Land	1,407,334	262,696	1,670,030
Buildings and system	320,829,185	7,387,946	328,217,131
Construction in progress	10,043,255	-	10,043,255
Machinery and equipment	9,773,983	1,601,769	11,375,752
Less accumulated depreciation	<u>(104,927,476)</u>	<u>(7,272,451)</u>	<u>(112,199,927)</u>
Total capital assets (net of accumulated depreciation)	<u>237,126,281</u>	<u>1,979,960</u>	<u>239,106,241</u>
Total noncurrent assets	<u>237,126,281</u>	<u>1,979,960</u>	<u>239,106,241</u>
<b>TOTAL ASSETS</b>	<u>290,565,953</u>	<u>4,231,546</u>	<u>294,797,499</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension charges	1,486,584	106,184	1,592,768
Deferred OPEB charges	<u>382,326</u>	<u>19,057</u>	<u>401,383</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,868,910</u>	<u>125,241</u>	<u>1,994,151</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,490,710	5,904	1,496,614
Retainage payable	42,305	-	42,305
Accrued interest	1,151,246	773	1,152,019
Other liabilities	135,239	9,213	144,452
Compensated absences - current	144,000	2,700	146,700
Notes payable - current	1,053,461	-	1,053,461
Revenue bonds payable - current	<u>5,371,893</u>	<u>350,000</u>	<u>5,721,893</u>
Total current liabilities	<u>9,388,854</u>	<u>368,590</u>	<u>9,757,444</u>
Noncurrent liabilities:			
Accrued compensated absences	567,833	32,846	600,679
Notes payable	18,264,361	-	18,264,361
Revenue bonds payable	107,189,752	-	107,189,752
Net pension liability	11,328,813	809,202	12,138,015
Net OPEB liability	<u>2,980,950</u>	<u>119,382</u>	<u>3,100,332</u>
Total noncurrent liabilities	<u>140,331,709</u>	<u>961,430</u>	<u>141,293,139</u>
<b>TOTAL LIABILITIES</b>	<u>149,720,563</u>	<u>1,330,020</u>	<u>151,050,583</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension credits	81,384	5,814	87,198
Deferred OPEB credits	<u>24,477</u>	<u>794</u>	<u>25,271</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>105,861</u>	<u>6,608</u>	<u>112,469</u>
<b>NET POSITION</b>			
Net investment in capital assets	109,396,236	1,629,960	111,026,196
Restricted for debt service	3,889,776	-	3,889,776
Unrestricted	<u>29,322,427</u>	<u>1,390,199</u>	<u>30,712,626</u>
<b>TOTAL NET POSITION</b>	<u>\$ 142,608,439</u>	<u>\$ 3,020,159</u>	<u>\$ 145,628,598</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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>Operating Revenues</b>			
Current use charges	\$ 36,286,804	\$ -	\$ 36,286,804
Miscellaneous	905,277	18,409	923,686
Water and sewer tap fees	1,051,667	-	1,051,667
Stormwater service fees	-	1,351,507	1,351,507
Total operating revenues	<u>38,243,748</u>	<u>1,369,916</u>	<u>39,613,664</u>
<b>Operating Expenses</b>			
Personnel	5,487,144	330,400	5,817,544
Employee benefits	3,286,348	148,617	3,434,965
Purchased services	6,286,112	218,904	6,505,016
Supplies and materials	2,098,816	6,912	2,105,728
Other operating expenses	2,377,269	62,480	2,439,749
Depreciation and amortization	9,113,423	327,805	9,441,228
Total operating expenses	<u>28,649,112</u>	<u>1,095,118</u>	<u>29,744,230</u>
<b>Operating Income</b>	<u>9,594,636</u>	<u>274,798</u>	<u>9,869,434</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	800,948	11,819	812,767
Economic development	(618,674)	-	(618,674)
Miscellaneous revenues	299,953	30,500	330,453
Loss on disposal of assets	(1,531,955)	(50,258)	(1,582,213)
Interest expense	(6,218,343)	(17,413)	(6,235,756)
Total nonoperating revenues (expenses)	<u>(7,268,071)</u>	<u>(25,352)</u>	<u>(7,293,423)</u>
<b>Income Before Transfers and Capital Contributions</b>	<u>2,326,565</u>	<u>249,446</u>	<u>2,576,011</u>
<b>Capital Contributions</b>	<u>3,295,834</u>	<u>51,912</u>	<u>3,347,746</u>
<b>Income Before Transfers</b>	<u>5,622,399</u>	<u>301,358</u>	<u>5,923,757</u>
<b>Transfers</b>			
Transfers out	(3,778,000)	(110,000)	(3,888,000)
Total transfers	<u>(3,778,000)</u>	<u>(110,000)</u>	<u>(3,888,000)</u>
<b>Changes in Net Position</b>	<u>1,844,399</u>	<u>191,358</u>	<u>2,035,757</u>
Net position at beginning of year	<u>140,764,040</u>	<u>2,828,801</u>	<u>143,592,841</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 142,608,439</u>	<u>\$ 3,020,159</u>	<u>\$ 145,628,598</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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 38,747,858	\$ 1,355,058	\$ 40,102,916
Payments to employees for services	(5,424,288)	(320,243)	(5,744,531)
Payments to suppliers for goods and services	(13,939,671)	(433,925)	(14,373,596)
Other receipts	1,205,230	48,909	1,254,139
Net cash provided by operating activities	20,589,129	649,799	21,238,928
<b>Cash flows from noncapital financing activities</b>			
Transfers out	(3,778,000)	(110,000)	(3,888,000)
Net cash used in noncapital financing activities	(3,778,000)	(110,000)	(3,888,000)
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(16,096,281)	-	(16,096,281)
Principal payments on revenue bonds and notes	(88,884,938)	(335,000)	(89,219,938)
Proceeds from issuance of bonds and notes	92,853,834	-	92,853,834
Interest on bonds and notes	(6,777,918)	(18,153)	(6,796,071)
Net cash used in capital and related financing activities	(18,905,303)	(353,153)	(19,258,456)
<b>Cash flows from investing activities</b>			
Investment purchases	(5,745,722)	(187,038)	(5,932,760)
Investment income	800,948	11,819	812,767
Net cash used by investing activities	(4,944,774)	(175,219)	(5,119,993)
<b>Net increase (decrease) in cash and cash equivalents</b>	(7,038,948)	11,427	(7,027,521)
Cash and cash equivalents at beginning of year	13,817,859	1,538,979	15,356,838
Cash and cash equivalents at end of year	\$ 6,778,911	\$ 1,550,406	\$ 8,329,317
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 1,783,281	\$ 1,519,758	\$ 3,303,039
Restricted cash and cash equivalents	4,995,630	30,648	5,026,278
Total cash and cash equivalents	\$ 6,778,911	\$ 1,550,406	\$ 8,329,317

	<b><u>Business-type Activities - Enterprise Funds</u></b>		
	<b><u>Major Fund</u></b>	<b><u>Non-Major Fund</u></b>	
	<b><u>Water and</u></b>	<b><u>Stormwater</u></b>	
	<b><u>Sewer Fund</u></b>	<b><u>Utility Fund</u></b>	<b><u>Total</u></b>
<b>Reconciliation of operating income to cash flow provided by operating activities:</b>			
Operating income	\$ 9,594,636	\$ 274,798	\$ 9,869,434
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,113,423	327,805	9,441,228
Non-cash pension expense	627,534	44,824	672,358
(Increase) decrease in:			
Receivables	1,409,387	3,551	1,412,938
Inventories	3,292	-	3,292
Increase (decrease) in:			
Accounts payable	194,888	(6,642)	188,246
Retainage payable	(416,887)	(4,694)	(421,581)
Accrued expenses	47,411	4,593	52,004
Compensated absences	15,445	5,564	21,009
	<u>\$ 20,589,129</u>	<u>\$ 649,799</u>	<u>\$ 21,238,928</u>
Net cash provided by operating activities			
<b>Non-cash Investing, Capital and Financing Activities:</b>			
Contributed assets	<u>\$ 3,295,834</u>	<u>\$ 51,912</u>	<u>\$ 3,347,746</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, 2020**

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**Assets**

Cash and cash equivalents	\$ 267,398
Investments	<u>242,267</u>

<b>TOTAL ASSETS</b>	<b>\$ <u>509,665</u></b>
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**Liabilities**

Due to others	<u>\$ 509,665</u>
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<b>TOTAL LIABILITIES</b>	<b>\$ <u>509,665</u></b>
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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, 2020

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#### 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, 2020

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#### 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 \$643,343 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2020. 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, 2020

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#### 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, Police Benevolence Fund and Sav-a-lot Construction 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, 2020

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#### 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 regard 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.

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

The GASB has issued the following new statements:

- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2022;
- 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, 2022;
- 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, 2021;
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2023;
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending June 30, 2022;

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

###### New Accounting Pronouncements (Continued)

- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending June 30, 2022;
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ended June 30, 2023;
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending June 30, 2023; and
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and "Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for the year ended 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 rollcarts and recycling bins held for future use. Certain payments made to vendors reflects costs from services applicable to future accounting periods and are recorded as prepaid expenditures in the government-wide and fund financial statements. The consumption method of accounting is used to record prepaid expenditures proportionately over the periods that the services are provided.

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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#### 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, 2020

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#### 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 \$176.0 million for the 2019 tax year. The City's property tax rate for fiscal year 2020 was 61.8 mills (operating 59.1, debt service 2.7). 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, 2020

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#### 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, 2020

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#### 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, 2020

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#### 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, 2020

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#### 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, 2020, 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, 2020**

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**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	(5,093,512)
Notes payable	(285,000)
General obligation bonds payable	(9,943,388)
Revenue bonds payable	(54,967,000)
Compensated absences	(2,853,703)
OPEB liability payable	<u>(7,784,037)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (81,173,842)</u>

**City of Florence, South Carolina**  
**Notes To Financial Statements - Continued**  
**June 30, 2020**

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**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 \$104,769 difference are as follows:

Deferred revenue – current year	\$ 183,066
Deferred revenue – prior year	<u>(78,297)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 104,769</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 \$3,014,024 difference are as follows:

Issuance of debt	\$ (7,581,215)
Payment of long-term debt principal	<u>10,595,239</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,014,024</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 \$167,485 difference are as follows:

Compensated absences – current year	\$ (2,853,703)
Compensated absences – prior year	2,735,854
Accrued interest – current year accrual	(247,202)
Accrued interest – prior year accrual	247,202
Net OPEB liability – current year accrual	<u>285,334</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 167,485</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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#### 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, 2020, 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, 2020, the City's bank balance was \$16,849,271, 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 \$535,739 at June 30, 2020, in the Governmental Funds is comprised of grant funds. Restricted cash of \$5,026,278 in the Enterprise Fund includes \$4,149,422 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, 2020**

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

**A. Deposits and Investments (Continued)**

**Investments**

As of June 30, 2020, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
US Government Agency Obligations	\$ 7,095,985	\$ 5,359,726	\$ 1,736,259	N/A
South Carolina Local Government Investment Pool	<u>62,130,127</u>	<u>62,130,127</u>	<u>-</u>	N/A
	<u>\$ 69,226,112</u>	<u>\$ 67,489,853</u>	<u>\$ 1,736,259</u>	

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The City's fair value measurements as of June 30, 2020 consist of its investments in fixed income securities and are valued using readily determinable market values, meaning there is a quoted price for identical assets in an active market (level 1 inputs). The City's investment in the LGIP is valued at net asset value.

The investments in the LGIP are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code of Laws. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP's investments are carried at fair value determined annually based upon quoted market prices for identical or similar assets. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Funds may be deposited by LGIP participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the South Carolina Office of the State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

*Interest Rate Risk* – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City is accepting interest rate risk since the long-term investment maturities are matched with capital projects.

*Credit Risk* – Statutes authorized the City to invest in obligations of the State of South Carolina and any of its political units, United States Government obligations fully insured or guaranteed by the United States Government, repurchase agreements and certificates of deposit which are secured by direct obligations of the State of South Carolina or the United States Government, and savings and loan associations to the extent that the same are insured by an agency of the United States Government. The City has no investment policy that would further limit its investment choices.

**City of Florence, South Carolina**  
**Notes To Financial Statements - Continued**  
**June 30, 2020**

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

**B. Receivables**

Receivables as of June 30, 2020, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<b>Governmental Activities</b>	General	Hospitality	Non-major Governmental Funds	Total Governmental Activities
Taxes	\$ 348,308	\$ -	\$ 109,664	\$ 457,972
Intergovernmental	5,117,596	-	263,288	5,380,884
Other	11,736	363,051	-	374,787
<b>Gross receivables</b>	5,477,640	363,051	372,952	6,213,643
Less: Allowance for uncollectibles	(66,909)	-	-	(66,909)
<b>Total receivables (net)</b>	<u>\$ 5,410,731</u>	<u>\$ 363,051</u>	<u>\$ 372,952</u>	<u>\$ 6,146,734</u>
			Total Business-type Activities	
<b>Business-Type Activities</b>	Water and Sewer	Stormwater Utility		
Accounts receivable	\$ 5,635,287	\$ 115,112	\$ 5,750,399	
Intergovernmental	138,140	-	138,140	
<b>Gross receivables</b>	5,773,427	115,112	5,888,539	
Less: Allowance for uncollectibles	(490,989)	(10,981)	(501,970)	
<b>Total receivables (net)</b>	<u>\$ 5,282,438</u>	<u>\$ 104,131</u>	<u>\$ 5,386,569</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, 2020, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 183,066	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	26,694
Local option sales tax receivable	-	2,229,557
	<u>\$ 183,066</u>	<u>\$ 2,256,251</u>



# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

#### 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, 2019	Increases	Decreases	Transfers	Balances June 30, 2020
Capital assets not being depreciated:					
Land	\$ 19,005,739	\$ 256,498	\$ 1,394,291	\$ 602,697	\$ 18,470,643
Construction in progress	18,290,845	5,208,854	497,108	(14,205,670)	8,796,921
Total capital assets not being depreciated	37,296,584	5,465,352	1,891,399	(13,602,973)	27,267,564
Capital assets being depreciated:					
Buildings	35,867,139	1,667,821	965,619	4,869,861	41,439,202
Infrastructure	40,009,003	225,850	-	10,069,943	50,304,796
Machinery and equipment	19,925,212	499,150	1,786,989	468,942	19,106,315
Total capital assets being depreciated	95,801,354	2,392,821	2,752,608	15,408,746	110,850,313
Less accumulated depreciation for:					
Buildings	(6,386,157)	(996,108)	(224,540)	-	(7,157,725)
Infrastructure	(18,158,217)	(1,639,285)	-	(94,509)	(19,892,011)
Machinery and equipment	(14,687,613)	(1,109,047)	(1,757,302)	(223,570)	(14,262,928)
Total accumulated depreciation	(39,231,987)	(3,744,440)	(1,981,842)	(318,079)	(41,312,664)
Total capital assets being depreciated, net	56,569,367	(1,351,619)	770,766	15,090,667	69,537,649
Governmental activities capital assets, net	\$ 93,865,951	\$ 4,113,733	\$ 2,662,165	\$ 1,487,694	\$ 96,805,213

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

	Balances June 30, 2019	Increases	Decreases	Transfers	Balances June 30, 2020
Capital assets not being depreciated:					
Land	\$ 2,322,986	\$ -	\$ 50,259	\$ (602,697)	\$ 1,670,030
Construction in progress	7,902,052	14,527,249	167,511	(12,218,535)	10,043,255
Total capital assets not being depreciated	10,225,038	14,527,249	217,770	(12,821,232)	11,713,285
Capital assets being depreciated:					
Buildings and system	314,065,559	3,068,998	184,532	11,267,106	328,217,131
Machinery and equipment	10,258,370	1,637,312	268,284	(251,646)	11,375,752
Total capital assets being depreciated	324,323,929	4,706,310	452,816	11,015,460	339,592,883

**City of Florence, South Carolina**  
**Notes To Financial Statements - Continued**  
**June 30, 2020**

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

**C. Capital Assets (Continued)**

	Balances			Transfers	Balances
	June 30, 2019	Increases	Decreases		June 30, 2020
Less accumulated depreciation for:					
Buildings and system	(96,497,475)	(8,432,593)	(118,365)	94,508	(104,717,195)
Machinery and equipment	<u>(6,944,079)</u>	<u>(1,008,636)</u>	<u>(246,413)</u>	<u>223,570</u>	<u>(7,482,732)</u>
Total accumulated depreciation	<u>(103,441,554)</u>	<u>(9,441,229)</u>	<u>(364,778)</u>	<u>318,078</u>	<u>(112,199,927)</u>
Total capital assets being depreciated, net	<u>220,882,375</u>	<u>(4,734,919)</u>	<u>88,038</u>	<u>11,333,538</u>	<u>227,392,956</u>
Business-type activities capital assets, net	<u>\$ 231,107,413</u>	<u>\$ 9,792,330</u>	<u>\$ 305,808</u>	<u>\$ (1,487,694)</u>	<u>\$ 239,106,241</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 425,022
Public safety		649,971
Public works		1,412,716
Culture and recreation		<u>1,256,731</u>
Total depreciation - governmental activities		<u>\$ 3,744,440</u>
Business-Type Activities		
Water and sewer		\$ 9,113,424
Stormwater		<u>327,805</u>
Total depreciation - business-type activities		<u>\$ 9,441,229</u>

**D. Interfund Receivables, Payables, and Transfers**

Interfund receivable and payable balances at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 400,443	\$ -
Nonmajor governmental	<u>-</u>	<u>400,443</u>
Total	<u>\$ 400,443</u>	<u>\$ 400,443</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, 2020

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#### 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, 2020, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 5,034,310	\$ -
Hospitality fund	-	1,333,000
Nonmajor governmental funds	<u>452,900</u>	<u>266,210</u>
Total governmental funds	<u>5,487,210</u>	<u>1,599,210</u>
Water and sewer enterprise fund	-	3,778,000
Nonmajor enterprise funds	<u>-</u>	<u>110,000</u>
Total enterprise funds	<u>-</u>	<u>3,888,000</u>
Total transfers out	<u>\$ 5,487,210</u>	<u>\$ 5,487,210</u>

The transfers consist primarily of \$3,888,000 to General Fund from Water and Sewer Enterprise Fund and \$1,333,000 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	\$ 3,031,082
Buildings	5,300,000
Less: accumulated depreciation	<u>(1,907,524)</u>
Total	<u>\$ 6,423,558</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2020, were as follows:

<b>Year Ending</b>	
<b><u>June 30,</u></b>	
2021	\$ 679,974
2022	659,199
2023	476,431
2024	476,431
2025	428,846
2026-2030	1,969,423
2031-2032	<u>1,170,000</u>
	5,860,304
Less amount representing interest	<u>766,792</u>
	<u>\$ 5,093,512</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

#### 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, 2020 is as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<b><u>Governmental Activities</u></b>					
Tax Increment Revenue Bonds	\$ 35,570,000	\$ -	\$ -	\$ 35,570,000	\$ 150,000
Direct borrowing and direct placement notes:					
General obligations bonds	3,695,778	-	1,117,390	2,578,388	384,187
Hospitality Revenue Bonds	6,916,000	-	886,000	6,030,000	927,000
Installment Purchase Rev Bond	14,196,000	-	829,000	13,367,000	854,000
Bond Anticipation Notes	7,100,000	7,365,000	7,100,000	7,365,000	7,365,000
US HUD Section 108 Loan	350,000	-	65,000	285,000	65,000
Total direct borrowing and direct placement notes	<u>32,257,778</u>	<u>7,365,000</u>	<u>9,997,390</u>	<u>29,625,388</u>	<u>9,595,187</u>
Capital leases	5,475,146	216,215	597,849	5,093,512	558,829
Compensated absences	<u>2,735,854</u>	<u>3,241,839</u>	<u>3,123,990</u>	<u>2,853,703</u>	<u>260,000</u>
	<u>\$ 76,038,778</u>	<u>\$ 10,823,054</u>	<u>\$ 13,719,229</u>	<u>\$ 73,142,603</u>	<u>\$ 10,564,016</u>
<b><u>Business-Type Activities</u></b>					
2010B Series Water & Sewer Revenue Bonds	\$ 67,995,000	\$ -	\$ 67,995,000	\$ -	\$ -
2016 Series Water & Sewer Revenue Bonds	14,405,000	-	2,260,000	12,145,000	2,290,000
2019A Series Water & Sewer Revenue Bonds	-	68,590,000	-	68,590,000	910,000
Bond premium	951,604	8,828,121	584,923	9,194,802	492,071
Total bonds payable	<u>83,351,604</u>	<u>77,418,121</u>	<u>70,839,923</u>	<u>89,929,802</u>	<u>3,692,071</u>
Direct borrowing and direct placement notes:					
Water and Sewer SRF Notes	36,923,800	483,713	18,089,691	19,317,822	1,053,461
2006 Series Stormwater Revenue Bonds	685,000	-	335,000	350,000	350,000
2014 Series RD Water & Sewer Revenue Bonds	5,481,611	-	111,944	5,369,667	114,043
2015 Series Water & Sewer Revenue Bonds	2,153,556	-	143,380	2,010,176	146,779
2020 Series Water & Sewer Revenue Bonds	-	15,252,000	-	15,252,000	1,419,000
Total direct borrowing and direct placement notes	<u>45,243,967</u>	<u>15,735,713</u>	<u>18,680,015</u>	<u>42,299,665</u>	<u>3,083,283</u>
Compensated absences					
Water and sewer	696,388	893,300	877,855	711,833	144,000
Stormwater	29,982	50,723	45,159	35,546	2,700
	<u>726,370</u>	<u>944,023</u>	<u>923,014</u>	<u>747,379</u>	<u>146,700</u>
	<u>\$ 129,321,941</u>	<u>\$ 94,097,857</u>	<u>\$ 90,442,952</u>	<u>\$ 132,976,846</u>	<u>\$ 6,922,054</u>

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

**City of Florence, South Carolina**  
**Notes To Financial Statements - Continued**  
**June 30, 2020**

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**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, 2020 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. \$ 2,578,388

In November 2019, the City issued a \$4,340,000 General Obligation Bond Anticipation Note, Tax exempt Series 2019B for land acquisition, property demolition and infrastructure in downtown Florence. The bond anticipation note has a 2.65% interest rate and matures on November 24, 2020. 4,340,000

In November 2019, the City issued a \$3,025,000 General Obligation Bond Anticipation Note, Taxable Series 2019A for land acquisition, property demolition and infrastructure in downtown Florence. The bond anticipation note has a 3.49% interest rate and matures on November 24, 2020. 3,025,000  
\$ 9,943,388

Revenue bonds payable from governmental activities at June 30, 2020 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. 1,994,000

In June 2014, the City issued a \$1,545,000 Refunding Revenue Bond. The bond is for capital improvements and related issuance costs. The bond has a 2.05% interest rate and requires semi-annual interest payments and annual principal payments. This bond is secured by the City's hospitality fee. The bond matures June 1, 2021. 239,000

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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

##### F. Long-Term Debt (Continued)

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.

3,797,000

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.

13,367,000

Total revenue bonds

\$ 54,967,000

Notes payable from governmental activities at June 30, 2020 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.

\$ 285,000

Total notes payable

\$ 285,000

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

Year Ending June 30,	Direct Borrowing		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 9,595,187	\$ 793,772	\$ 558,829	\$ 121,145
2022	2,112,573	590,881	539,247	119,952
2023	2,189,567	527,332	379,944	96,487
2024	2,292,191	461,116	394,724	81,707
2025	1,633,463	393,360	368,604	60,242
2026-2030	6,996,407	1,288,671	1,694,453	274,970
2031-2035	4,806,000	270,857	1,157,711	12,289
	<u>\$ 29,625,388</u>	<u>\$ 4,325,989</u>	<u>\$ 5,093,512</u>	<u>\$ 766,792</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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

##### F. Long-Term Debt (Continued)

Year Ending June 30,	Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2021	\$ 150,000	\$ 1,370,890	\$ 10,304,016	\$ 2,285,807
2022	230,000	1,366,385	2,881,820	2,077,218
2023	315,000	1,359,394	2,884,511	1,983,213
2024	385,000	1,349,734	3,071,915	1,892,557
2025	520,000	1,336,448	2,522,067	1,790,050
2026-2030	2,840,000	6,387,204	11,530,860	7,950,845
2031-2035	4,615,000	5,671,749	10,578,711	5,954,895
2036-2040	7,905,000	4,534,769	7,905,000	4,534,769
2041-2045	12,160,000	2,684,178	12,160,000	2,684,178
2046-2050	6,450,000	229,600	6,450,000	229,600
	<u>\$ 35,570,000</u>	<u>\$ 26,290,351</u>	<u>\$ 70,288,900</u>	<u>\$ 31,383,132</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 \$29,625,388 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, 2020
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2014	6,004,585	1.875	3/28/2053	\$ 5,369,667
	Series 2015	2,702,348	2.35	6/1/2032	2,010,176
	Series 2016	14,405,000	1.75	9/1/2024	12,145,000
	Series 2019	68,590,000	2.46	6/30/2040	68,590,000
	Series 2020	15,252,000	1.17	7/1/2031	<u>15,252,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					103,366,843

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

#### 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, 2020</u>
<i>Secured by Stormwater Utility Fund Revenues</i>					
Revenue Bonds	Series 2006	4,000,000	2.65	6/2/2021	<u>350,000</u>
Total Revenue Bonds					<u>\$ 103,716,843</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 2013	10,626,372	1.90	4/1/2034	\$ 7,823,418
	September 2013	3,890,000	1.90	9/1/2034	2,864,049
	September 2014	1,750,566	1.00	4/1/2045	1,424,331
	June 2018*	2,260,938	1.00	12/1/2048	2,078,181
	June 2018*	5,730,149	1.00	2/1/2049	<u>5,127,843</u>
Total Notes Payable					<u>\$ 19,317,822</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, 2020, the City had drawn \$7,712,160 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>
2021	\$ 3,200,000	\$ 3,052,800	\$ 3,083,273	\$ 599,362	\$ 6,283,273	\$ 3,652,162
2022	3,300,000	2,959,825	2,750,492	573,084	6,050,492	3,532,909
2023	3,410,000	2,839,275	2,789,116	533,888	6,199,116	3,373,163
2024	3,560,000	2,689,550	2,829,153	494,091	6,389,153	3,183,641
2025	3,715,000	2,533,200	2,869,609	453,676	6,584,609	2,986,876
2026-2030	19,765,000	9,682,875	14,652,159	1,639,785	34,417,159	11,322,660
2031-2035	19,850,000	5,315,975	7,626,672	719,622	27,476,672	6,035,597
2036-2040	23,935,000	1,878,075	2,380,801	378,137	26,315,801	2,256,212
2041-2045	-	-	1,454,189	253,230	1,454,189	253,230
2046-2050	-	-	1,031,531	133,092	1,031,531	133,092
2051-2055	-	-	832,670	35,568	832,670	35,568
	<u>\$ 80,735,000</u>	<u>\$ 30,951,575</u>	<u>\$ 42,299,665</u>	<u>\$ 5,813,535</u>	<u>\$ 123,034,665</u>	<u>\$ 36,765,110</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 \$26,697,665 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, 2020

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

##### G. Fund Balances – Governmental Funds

As of June 30, 2020, fund balances are composed of the following:

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable	\$ 7,791,240	\$ -	\$ -	\$ 382,469	\$ 8,173,709
Restricted for:					
Community Development:					
Housing Partnership	-	-	-	22,365	22,365
HOME Program	-	-	-	300,226	300,226
NSP Grant	-	-	-	66,250	66,250
Block Grant	-	-	-	1,080	1,080
NSP-3 Grant	-	-	-	113,470	113,470
Neighborhood Imp. Program	-	-	-	46,472	46,472
Public Safety:					
E-911	-	-	-	421,079	421,079
Victims Services	-	-	-	42,665	42,665
Drug Control	-	-	-	168,162	168,162
Federal Equitable Sharing	-	-	-	35,774	35,774
Public Safety Grants	-	-	-	47,411	47,411
JAG Grant	-	-	-	375	375
Capital Projects:					
TIF Revenue & Debt Services	-	-	-	299,248	299,248
TIF Construction Projects	-	-	-	2,921,338	2,921,338
Florence County Penny Tax II	-	-	-	33,095	33,095
Installment Purchase Rev Bonds	-	-	10,849,346	-	10,849,346
Tourism:					
Accommodation Tax	-	-	-	32,275	32,275
Sunday Local Option Revenue Fund	-	-	-	101,537	101,537
Hospitality Fund	-	1,102,296	-	-	1,102,296
Debt Service	-	-	-	771,705	771,705
	<u>-</u>	<u>1,102,296</u>	<u>10,849,346</u>	<u>5,424,527</u>	<u>17,376,169</u>
Committed to:					
Neighborhood Redevelopment	-	-	-	1,060,525	1,060,525
Rollcart and Equipment Replacement	-	-	-	128,357	128,357
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188,882</u>	<u>1,188,882</u>
Assigned to:					
Subsequent Year's Expenditures	3,005,000	-	-	-	3,005,000
Downtown Redevelopment:					
Downtown Revitalization	238,382	-	-	-	238,382
Capital Projects:					
City Center Reserve Fund	310,274	-	-	-	310,274
Downtown Florence	447,830	-	-	-	447,830
Hurricane Matthew	51,910	-	-	-	51,910
Parks and Athletic Programs:					
Recreation Registration	1,650	-	-	-	1,650
Recreation Projects	17,122	-	-	-	17,122
Park Commission	4,801	-	-	-	4,801
Recreation Programs	12,333	-	-	-	12,333
Employee Assistance	5,371	-	-	-	5,371
	<u>4,094,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,094,673</u>
Unassigned	<u>18,301,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,301,481</u>
<b>Total Fund Balances</b>	<u>\$ 30,187,394</u>	<u>\$ 1,102,296</u>	<u>\$ 10,849,346</u>	<u>\$ 6,995,878</u>	<u>\$ 49,134,914</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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#### 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](http://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, 2020

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#### 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, 2020

#### 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 1 percent increase for fiscal year ended June 30, 2021 was suspended by the South Carolina Legislature. 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, 2020 and June 30, 2019 are as follows:

	2020 Employer Contributions				
	2020 Employee Retirement Contributions	Retirement	Accidental Death Program	Group Life Insurance Program	Total
	SCRS	9.00%	15.41%	N/A	0.15%
PORS	9.75%	17.84%	0.20%	0.20%	18.24%

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

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

#### 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 2020 and 2019.

The amount due to SCRS and PORS was \$435,833 at June 30, 2020. The amount was due to PEBA by July 31, 2020 for legally required contributions per the preceding table for the month of June 2020.

##### 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, 2019 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, 2018. The total pension liability was rolled-forward from the valuation date to June 30, 2019 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, 2019:

	<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, 2020

#### 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, 2019 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	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	7,681,749,768	4,815,808,554	2,865,941,214	62.7%

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, 2020, the City reported a liability of \$26,973,364 for SCRS and \$15,902,931 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 and 2018, the City's proportion was:

	<u>2019</u>	<u>2018</u>
<b>SCRS</b>	0.118127%	0.115409%
<b>PORS</b>	0.554894%	0.566962%

For the year ended June 30, 2020, the City recognized pension expense of \$3,480,775 for SCRS and \$1,754,958 for PORS. At June 30, 2020, 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	\$ 18,542	\$ 193,772
Change in assumptions	543,552	-
Net difference between projected and actual earnings on pension plan investments	236,044	-
Changes in proportion and differences between City contributions and proportionate share of contributions	754,702	-
City contributions subsequent to the measurement date	1,986,647	-
Total	<u>\$ 3,539,487</u>	<u>\$ 193,772</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

#### 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

	<b>PORS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 326,997	\$ 117,534
Change in assumptions	630,631	-
Net difference between projected and actual earnings on pension plan investments	200,130	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,023,199
City contributions subsequent to the measurement date	1,481,888	-
<b>Total</b>	<b>\$ 2,639,646</b>	<b>\$ 1,140,733</b>

\$1,986,647 for SCRS and \$1,481,888 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>SCRS</b>	<b>PORS</b>
2021	\$ 1,632,147	\$ 11,988
2022	(520,457)	3,026
2023	42,215	937
2024	205,163	1,074
<b>Total</b>	<b>\$ 1,359,068</b>	<b>\$ 17,025</b>

#### Long-term expected rate of return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-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 2019 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, 2020

#### 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:

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
			<u>7.66%</u>

##### 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, 2020

#### 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	\$ 33,980,700	\$ 26,973,364	\$ 21,125,199
PORS	\$ 21,552,249	\$ 15,902,931	\$ 11,274,722

##### City's Liabilities, Deferred Amounts and Pension Expense

As of June 30, 2020, net pension liability and deferred amounts, and pension expenses for the year ended June 30, 2020 for the City were:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Net pension liability	\$ 26,973,364	\$ 15,902,931	\$ 42,876,295
Deferred pension outflows	3,539,487	2,639,646	6,179,133
Deferred pension inflows	193,772	1,140,733	1,334,505
Pension expense	3,480,775	1,754,958	5,235,733

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, 2020

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#### 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, 2019, the most recent measurement date for the plan, there were 565 covered participants; 110 were retirees and their beneficiaries receiving benefits, and 455 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 \$564.92 for retirees and \$1,186.62 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 \$564.92 for medical and \$584.20 for medical, vision and dental 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, 2020

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#### 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 \$11,923,203 was measured as of December 31, 2019 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, 2019, 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 7.25% and gradually decreasing to an ultimate trend rate of 4.75% over a period of 10 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, 2020**

**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	6.0%
Fixed income	<u>94.0%</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, 2018	\$ 16,173,732	\$ 4,265,519	\$ 11,908,213
Changes for the year:			
Service cost	417,562	-	417,562
Interest	745,357	-	745,357
Difference between expected and actual experience	113,504	-	113,504
Changes of assumptions or other inputs	338,580	-	338,580
Contributions - employer	-	1,375,381	(1,375,381)
Benefit payments and implicit subsidy credit	(975,322)	(975,322)	-
Net investment income	-	231,690	(231,690)
Plan administrative expenses	-	(7,058)	7,058
Net changes	<u>639,681</u>	<u>624,691</u>	<u>14,990</u>
Balance at December 31, 2019	\$ 16,813,413	\$ 4,890,210	\$ 11,923,203

**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	\$ 14,182,505	\$ 11,923,203	\$ 10,038,105

**City of Florence, South Carolina**  
**Notes To Financial Statements - Continued**  
**June 30, 2020**

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**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>\$ 10,743,457</u>	<u>\$ 11,923,203</u>	<u>\$ 13,388,068</u>

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$601,002. At June 30, 2020, 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	\$ 120,757	\$ 98,673
Changes of assumptions or other inputs	296,468	-
Net difference between projected and actual earnings on plan investments	99,094	-
City contributions subsequent to the measurement date	<u>997,300</u>	<u>-</u>
	<u>\$ 1,513,619</u>	<u>\$ 98,673</u>

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

Year ended June 30,	
2021	\$ 79,743
2022	79,743
2023	65,113
2024	36,543
2025	40,512
Thereafter	<u>115,992</u>
	<u>\$ 417,646</u>

# City of Florence, South Carolina

## Notes To Financial Statements - Continued

### June 30, 2020

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#### 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, 2020, the outstanding commitments total approximately \$807,568.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,413,600 for the year ended June 30, 2020, 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, 2020 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 \$14,087,059 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$9,177,091 by \$4,909,968.

##### G. Subsequent Events

Subsequent to June 30, 2020, the following material transactions occurred:

- In September 2020, the City issued a \$26,365,000 Installment Purchase Revenue Bond. The bonds were issued for infrastructure additions in the downtown area directly across from the City Center administrative building. In addition, the bonds were used to refund the 2017 Installment Purchase Revenue Bond.
- In September 2020, the City issued \$6,200,000 in General Obligation Bonds. The bonds were issued for the construction of two new fire stations and to refund the General Obligation Bond issued in August 20110.

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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 Seven Fiscal Years**

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	Year Ended June 30,						
	<u>2020</u>	<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%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$26,973,364	\$25,859,580	\$25,702,854	\$23,600,074	\$20,739,324	\$19,459,674	\$20,273,191
Covered-employee payroll	\$12,464,783	\$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-employee payroll	216.397%	216.623%	223.580%	222.267%	203.186%	189.810%	203.283%
Plan fiduciary net position as a percentage of the total pension liability	54.400%	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 Seven Fiscal Years**

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	Year Ended June 30,						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,986,647	\$ 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>(1,986,647)</u>	<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>	<u>\$ -</u>
Organization's covered-employee payroll	\$12,767,654	\$12,464,783	\$11,937,594	\$11,496,064	\$10,617,875	\$10,207,040	\$10,252,182
Contributions as a percentage of covered-employee payroll	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

**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 Seven Fiscal Years**

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	Year Ended June 30,						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.555%	0.567%	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$15,902,931	\$16,065,096	\$16,944,567	\$15,818,344	\$14,284,381	\$13,024,941	\$14,103,614
Covered-employee payroll	\$ 8,048,512	\$ 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-employee payroll	197.59%	204.60%	203.69%	199.25%	175.87%	159.71%	172.90%
Plan fiduciary net position as a percentage of the total pension liability	62.700%	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 Seven Fiscal Years**

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	Year Ended June 30,						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,481,888	\$ 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>(1,481,888)</u>	<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>	<u>\$ -</u>
Organization's covered-employee payroll	\$ 8,124,386	\$ 8,048,512	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305
Contributions as a percentage of covered-employee payroll	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

**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, 2020**

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#### **CHANGE OF BENEFIT TERMS**

No changes were made to the benefit terms during the fiscal year ended June 30, 2019 (the measurement year).

#### **CHANGES OF ASSUMPTIONS**

No changes were made to the assumptions during the fiscal year ended June 30, 2019 (the measurement year).

# City of Florence, South Carolina

## Schedule of Changes in the Net OPEB Liability and Related Ratios

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 417,562	\$ 404,295	\$ 391,451
Interest cost	745,357	728,919	709,445
Difference between expected and actual experience	113,504	28,330	(156,264)
Changes of assumptions or other inputs	338,580	-	-
Benefit payments	<u>(975,322)</u>	<u>(659,281)</u>	<u>(412,920)</u>
<b>Net change in total OPEB liability</b>	639,681	502,263	531,712
Total OPEB liability - beginning	<u>16,173,732</u>	<u>15,671,469</u>	<u>15,139,757</u>
Total OPEB liability - ending	<u><u>\$16,813,413</u></u>	<u><u>\$16,173,732</u></u>	<u><u>\$ 15,671,469</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,375,381	\$ 1,079,728	\$ 893,924
Net investment income	231,690	47,396	91,807
Benefit payments	(975,322)	(659,281)	(412,920)
Administrative expense	<u>(7,058)</u>	<u>-</u>	<u>(19,926)</u>
<b>Net change in Plan Fiduciary Net Position</b>	624,691	467,843	552,885
Plan Fiduciary Net Position - beginning	<u>4,265,519</u>	<u>3,797,676</u>	<u>3,244,791</u>
Plan Fiduciary Net Position - ending	<u><u>\$ 4,890,210</u></u>	<u><u>\$ 4,265,519</u></u>	<u><u>\$ 3,797,676</u></u>
Net OPEB Liability	\$11,923,203	\$11,908,213	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	29.09%	26.37%	24.23%
Covered payroll	\$18,277,122	\$16,669,414	\$ 16,669,414
Net OPEB liability as a percentage of covered payroll	65.24%	71.44%	71.23%

\* 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**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions	\$ 1,128,213	\$ 1,077,489	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(1,375,381)</u>	<u>(1,079,728)</u>	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>\$ (247,168)</u>	<u>\$ (2,239)</u>	<u>\$ 57,607</u>
 Covered Payroll	 \$ 20,892,040	 \$ 17,679,296	 \$ 17,047,043
Contributions as a percentage of covered payroll	6.58%	6.11%	5.24%

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

# City of Florence, South Carolina

## OPEB Supplementary Information Note

### Year Ended June 30, 2020

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#### **CHANGE OF BENEFIT TERMS**

No changes were made to the benefit terms during the year ended December 31, 2019 (the measurement date).

Changes in assumptions for medical trends, vision trends and anticipated spouse participation were made for the measurement date of December 31, 2019.

#### **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 for 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.

### **CAPITAL PROJECTS FUNDS**

2016 TIF Construction Projects - This fund is used to account for various construction projects with the 2016 TIF funds.

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

**City of Florence, South Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	<u>Special Revenue Funds</u>				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,365	\$ 300,726	\$ -	\$ 128,357	\$ 322,851
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	-	-	70,547	-	-
Inventory	-	-	-	7,175	-
Investments	-	-	-	-	101,371
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 22,365</u>	<u>\$ 300,726</u>	<u>\$ 70,547</u>	<u>\$ 135,532</u>	<u>\$ 424,222</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 500	\$ 37,708	\$ -	\$ 3,143
Retainage payable	-	-	-	-	-
Due to other funds	-	-	31,759	-	-
Total liabilities	<u>-</u>	<u>500</u>	<u>69,467</u>	<u>-</u>	<u>3,143</u>
<b>Fund balances:</b>					
Nonspendable	-	-	-	7,175	-
Restricted	22,365	300,226	1,080	-	421,079
Committed	-	-	-	128,357	-
Total fund balances	<u>22,365</u>	<u>300,226</u>	<u>1,080</u>	<u>135,532</u>	<u>421,079</u>
Total liabilities and fund balances	<u>\$ 22,365</u>	<u>\$ 300,726</u>	<u>\$ 70,547</u>	<u>\$ 135,532</u>	<u>\$ 424,222</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>
\$ 42,665	\$ 168,223	\$ 35,774	\$ 69,773	\$ 46,472
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>42,665</u>	<u>168,223</u>	<u>35,774</u>	<u>69,773</u>	<u>46,472</u>
\$ -	\$ 61	\$ -	\$ 3,523	\$ -
-	-	-	-	-
-	-	-	-	-
-	61	-	3,523	-
-	-	-	-	-
42,665	168,162	35,774	66,250	46,472
-	-	-	-	-
<u>42,665</u>	<u>168,162</u>	<u>35,774</u>	<u>66,250</u>	<u>46,472</u>
<u>\$ 42,665</u>	<u>\$ 168,223</u>	<u>\$ 35,774</u>	<u>\$ 69,773</u>	<u>\$ 46,472</u>

**City of Florence, South Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds--Continued**  
**June 30, 2020**

	<b>Special Revenue Funds</b>				
	<b>Accommodation Tax</b>	<b>Public Safety Grants</b>	<b>NSP-3 Grant</b>	<b>Neighborhood Redevelopment</b>	<b>JAG Grant</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,732	\$ 47,411	\$ 116,463	\$ 553,871	\$ 375
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	192,741	-	-	-	-
Inventory	-	-	-	375,294	-
Investments	-	-	-	506,856	-
Restricted investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 209,473</b>	<b>\$ 47,411</b>	<b>\$ 116,463</b>	<b>\$ 1,436,021</b>	<b>\$ 375</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 177,198	\$ -	\$ 2,993	\$ 202	\$ -
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>177,198</b>	<b>-</b>	<b>2,993</b>	<b>202</b>	<b>-</b>
<b>Fund balances:</b>					
Nonspendable	-	-	-	375,294	-
Restricted	32,275	47,411	113,470	-	375
Committed	-	-	-	1,060,525	-
<b>Total fund balances</b>	<b>32,275</b>	<b>47,411</b>	<b>113,470</b>	<b>1,435,819</b>	<b>375</b>
<b>Total liabilities and fund balances</b>	<b>\$ 209,473</b>	<b>\$ 47,411</b>	<b>\$ 116,463</b>	<b>\$ 1,436,021</b>	<b>\$ 375</b>

<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>		<b>Debt Service Funds</b>		<b>Total</b>
<b>Sunday Local Option Revenue Fund</b>	<b>Florence County Penny Tax II</b>	<b>2016 TIF Construction Projects</b>	<b>TIF Revenue &amp; Debt Service</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>
\$ 76,194	\$ -	\$ 420,164	\$ -	\$ 766,297	\$ 3,134,713
-	-	-	294,915	-	294,915
-	99,923	-	4,333	5,408	109,664
-	-	-	-	-	263,288
-	-	-	-	-	382,469
25,343	-	-	-	-	633,570
-	-	2,572,709	-	-	2,572,709
<u>\$ 101,537</u>	<u>\$ 99,923</u>	<u>\$ 2,992,873</u>	<u>\$ 299,248</u>	<u>\$ 771,705</u>	<u>\$ 7,391,328</u>
\$ -	\$ 33,319	\$ 22,496	\$ -	\$ -	\$ 281,143
-	-	49,039	-	-	49,039
-	33,509	-	-	-	65,268
-	66,828	71,535	-	-	395,450
-	-	-	-	-	382,469
101,537	33,095	2,921,338	299,248	771,705	5,424,527
-	-	-	-	-	1,188,882
<u>101,537</u>	<u>33,095</u>	<u>2,921,338</u>	<u>299,248</u>	<u>771,705</u>	<u>6,995,878</u>
<u>\$ 101,537</u>	<u>\$ 99,923</u>	<u>\$ 2,992,873</u>	<u>\$ 299,248</u>	<u>\$ 771,705</u>	<u>\$ 7,391,328</u>

# City of Florence, South Carolina

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

Year Ended June 30, 2020

	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>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	2,075	-	215,128	-
Intergovernmental	-	-	361,867	-	-
Charges for services	-	-	-	-	127,459
Investment earnings	10	117	-	27	1,524
Miscellaneous	-	346,911	-	-	-
Total revenues	<u>10</u>	<u>349,103</u>	<u>361,867</u>	<u>215,155</u>	<u>128,983</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	61,488
Culture and recreation	-	-	-	-	-
Community development	-	402,477	505,912	-	-
Debt service:					
Principal	-	-	65,000	-	-
Interest	-	-	12,661	-	-
Capital outlay	-	-	20,000	-	-
Total expenditures	<u>-</u>	<u>402,477</u>	<u>603,573</u>	<u>-</u>	<u>61,488</u>
Excess (deficiency) of revenues over (under) expenditures	10	(53,374)	(241,706)	215,155	67,495
<b>Other financing sources (uses)</b>					
Transfers in (out)	-	-	-	(119,000)	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,000)</u>	<u>-</u>
Net changes in fund balances	10	(53,374)	(241,706)	96,155	67,495
Fund balances at beginning of year	<u>22,355</u>	<u>353,600</u>	<u>242,786</u>	<u>39,377</u>	<u>353,584</u>
Fund balances at end of year	<u>\$ 22,365</u>	<u>\$ 300,226</u>	<u>\$ 1,080</u>	<u>\$ 135,532</u>	<u>\$ 421,079</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>
\$ -	\$ -	\$ -	\$ -	\$ -
40,411	-	-	-	-
-	-	22,090	17,046	-
-	-	-	-	-
30	3,368	12	-	21
-	29,859	-	399	-
<u>40,441</u>	<u>33,227</u>	<u>22,102</u>	<u>17,445</u>	<u>21</u>
-	39,071	-	-	-
-	-	-	-	-
-	-	-	41,624	1,656
-	-	-	-	-
-	-	-	-	-
-	-	-	3,884	-
<u>-</u>	<u>39,071</u>	<u>-</u>	<u>45,508</u>	<u>1,656</u>
40,441	(5,844)	22,102	(28,063)	(1,635)
<u>(82,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(82,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(41,769)	(5,844)	22,102	(28,063)	(1,635)
<u>84,434</u>	<u>174,006</u>	<u>13,672</u>	<u>94,313</u>	<u>48,107</u>
<u>\$ 42,665</u>	<u>\$ 168,162</u>	<u>\$ 35,774</u>	<u>\$ 66,250</u>	<u>\$ 46,472</u>

# City of Florence, South Carolina

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds--Continued

Year Ended June 30, 2020

	Special Revenue Funds				
	<u>Accommodation Tax</u>	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>	<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	818,184	-	44,673	-	-
Charges for services	-	-	-	-	-
Investment earnings	31	19	-	7,170	-
Miscellaneous	-	13,000	1,729	284,570	-
Total revenues	<u>818,215</u>	<u>13,019</u>	<u>46,402</u>	<u>291,740</u>	<u>-</u>
<b>Expenditures</b>					
Current:					
Public safety	-	840	-	-	-
Culture and recreation	-	-	-	-	-
Community development	873,793	-	27,293	92,233	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>873,793</u>	<u>840</u>	<u>27,293</u>	<u>92,233</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(55,578)	12,179	19,109	199,507	-
<b>Other financing sources (uses)</b>					
Transfers in (out)	-	-	-	452,900	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,900</u>	<u>-</u>
Net change in fund balances	(55,578)	12,179	19,109	652,407	-
Fund balances at beginning of year	<u>87,853</u>	<u>35,232</u>	<u>94,361</u>	<u>783,412</u>	<u>375</u>
Fund balances at end of year	<u>\$ 32,275</u>	<u>\$ 47,411</u>	<u>\$ 113,470</u>	<u>\$ 1,435,819</u>	<u>\$ 375</u>

Special Revenue Fund	Capital Projects Fund		Debt Service Funds		Total
Sunday Local Option Revenue Fund	Florence County Penny Tax II	2016 TIF Construction Projects	TIF Revenue & Debt Service	Debt Service	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 442,766	\$ 442,766
-	653,886	-	-	-	911,500
115,600	-	-	507,866	-	1,887,326
-	-	-	-	-	127,459
374	-	59,296	8,578	267	80,844
-	-	-	-	-	676,468
<u>115,974</u>	<u>653,886</u>	<u>59,296</u>	<u>516,444</u>	<u>443,033</u>	<u>4,126,363</u>
-	-	-	-	-	101,399
849	-	-	-	-	849
-	-	-	-	-	1,944,988
-	-	-	-	367,390	432,390
-	-	-	1,079,278	87,282	1,179,221
-	657,223	1,346,900	-	-	2,028,007
<u>849</u>	<u>657,223</u>	<u>1,346,900</u>	<u>1,079,278</u>	<u>454,672</u>	<u>5,686,854</u>
115,125	(3,337)	(1,287,604)	(562,834)	(11,639)	(1,560,491)
(65,000)	-	-	-	-	186,690
<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,690</u>
50,125	(3,337)	(1,287,604)	(562,834)	(11,639)	(1,373,801)
<u>51,412</u>	<u>36,432</u>	<u>4,208,942</u>	<u>862,082</u>	<u>783,344</u>	<u>8,369,679</u>
<u>\$ 101,537</u>	<u>\$ 33,095</u>	<u>\$ 2,921,338</u>	<u>\$ 299,248</u>	<u>\$ 771,705</u>	<u>\$ 6,995,878</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Current use charges	\$ 36,183,000	\$ 36,755,250	\$ 36,286,804	\$ (468,446)
Miscellaneous	795,000	626,750	905,277	278,527
Water and sewer tap fees	917,000	956,000	1,051,667	95,667
Total operating revenues	<u>37,895,000</u>	<u>38,338,000</u>	<u>38,243,748</u>	<u>(94,252)</u>
<b>Operating Expenses</b>				
Personnel	5,957,840	5,608,485	5,487,144	121,341
Employee benefits	2,681,690	2,487,530	3,286,348	(798,818)
Purchased services	7,253,610	9,183,225	6,286,112	2,897,113
Supplies and materials	1,243,160	2,106,360	2,098,816	7,544
Other operating expenses	1,192,250	1,218,630	2,377,269	(1,158,639)
Depreciation and amortization	11,582,000	11,582,000	9,113,423	2,468,577
Total operating expenses	<u>29,910,550</u>	<u>32,186,230</u>	<u>28,649,112</u>	<u>3,537,118</u>
<b>Operating Income</b>	<u>7,984,450</u>	<u>6,151,770</u>	<u>9,594,636</u>	<u>3,442,866</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	185,000	225,000	800,948	575,948
Economic development	(1,250,000)	(1,491,000)	(618,674)	872,326
Miscellaneous revenues	1,800,000	1,800,000	299,953	(1,500,047)
Gain on disposal of assets	-	-	(1,531,955)	(1,531,955)
Interest expense	-	-	(6,218,343)	(6,218,343)
Appropriation of net position	-	1,626,600	-	(1,626,600)
Total nonoperating revenues (expenses)	<u>735,000</u>	<u>2,160,600</u>	<u>(7,268,071)</u>	<u>(9,428,671)</u>
<b>Income Before Transfers and Capital Contributions</b>	<u>8,719,450</u>	<u>8,312,370</u>	<u>2,326,565</u>	<u>(5,985,805)</u>
<b>Capital Contributions</b>	<u>-</u>	<u>-</u>	<u>3,295,834</u>	<u>3,295,834</u>
<b>Income Before Transfers</b>	<u>8,719,450</u>	<u>8,312,370</u>	<u>5,622,399</u>	<u>(2,689,971)</u>
<b>Transfers</b>				
Transfers out	<u>(9,701,450)</u>	<u>(9,294,370)</u>	<u>(3,778,000)</u>	<u>5,516,370</u>
<b>Changes in Net Position</b>	<u>(982,000)</u>	<u>(982,000)</u>	<u>1,844,399</u>	<u>2,826,399</u>
Net position at beginning of year	<u>140,764,040</u>	<u>140,764,040</u>	<u>140,764,040</u>	<u>-</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 139,782,040</u>	<u>\$ 139,782,040</u>	<u>\$ 142,608,439</u>	<u>\$ 2,826,399</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Stormwater service fees	\$ 1,325,000	\$ 1,324,000	\$ 1,351,507	\$ 27,507
Miscellaneous	8,500	9,600	18,409	8,809
Total operating revenues	<u>1,333,500</u>	<u>1,333,600</u>	<u>1,369,916</u>	<u>36,316</u>
<b>Operating Expenses</b>				
Personnel	332,460	332,410	330,400	2,010
Employee benefits	158,230	152,380	148,617	3,763
Purchased services	114,910	135,310	218,904	(83,594)
Supplies and materials	26,400	8,500	6,912	1,588
Other operating expenses	30,600	32,100	62,480	(30,380)
Depreciation and amortization	-	-	327,805	(327,805)
Total operating expenses	<u>662,600</u>	<u>660,700</u>	<u>1,095,118</u>	<u>(434,418)</u>
<b>Operating Income</b>	<u>670,900</u>	<u>672,900</u>	<u>274,798</u>	<u>(398,102)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	6,500	6,400	11,819	5,419
Miscellaneous revenues	-	-	30,500	30,500
Interest expense	-	-	(17,413)	(17,413)
Loss on disposal of assets	-	-	(50,258)	(50,258)
Total nonoperating revenues (expenses)	<u>6,500</u>	<u>6,400</u>	<u>(25,352)</u>	<u>(31,752)</u>
<b>Income Before Transfers and Capital Contributions</b>	677,400	679,300	249,446	(429,854)
<b>Capital Contributions</b>	-	-	51,912	51,912
<b>Income Before Transfers</b>	677,400	679,300	301,358	(377,942)
<b>Transfers Out</b>	<u>(677,400)</u>	<u>(679,300)</u>	<u>(110,000)</u>	<u>569,300</u>
<b>Changes in Net Position</b>	-	-	191,358	191,358
Net position at beginning of year	<u>2,828,801</u>	<u>2,828,801</u>	<u>2,828,801</u>	<u>-</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 2,828,801</u>	<u>\$ 2,828,801</u>	<u>\$ 3,020,159</u>	<u>\$ 191,358</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.

Sav-a-lot Construction Fund - This fund is used to account for expenses to construct a Sav-a-lot grocery store.



**City of Florence, South Carolina**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2020**

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	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,376	\$ 13,795	\$ 17,365	\$ 199,347
Investments	<u>-</u>	<u>-</u>	<u>25,343</u>	<u>216,924</u>
<b>Total assets</b>	<u>\$ 30,376</u>	<u>\$ 13,795</u>	<u>\$ 42,708</u>	<u>\$ 416,271</u>

<b>LIABILITIES</b>				
Due to others	<u>\$ 30,376</u>	<u>\$ 13,795</u>	<u>\$ 42,708</u>	<u>\$ 416,271</u>
<b>Total liabilities</b>	<u>\$ 30,376</u>	<u>\$ 13,795</u>	<u>\$ 42,708</u>	<u>\$ 416,271</u>

	<u>Florence Area Humane Society</u>	<u>Eat Smart Move More Fund</u>	<u>Police Benevolence Fund</u>	<u>Sav-a-lot Construction Fund</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 120	\$ 1,813	\$ -	\$ 4,582	\$ 267,398
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,267</u>
<b>Total assets</b>	<u>\$ 120</u>	<u>\$ 1,813</u>	<u>\$ -</u>	<u>\$ 4,582</u>	<u>\$ 509,665</u>
<b>LIABILITIES</b>					
Due to others	<u>\$ 120</u>	<u>\$ 1,813</u>	<u>\$ -</u>	<u>\$ 4,582</u>	<u>\$ 509,665</u>
<b>Total liabilities</b>	<u>\$ 120</u>	<u>\$ 1,813</u>	<u>\$ -</u>	<u>\$ 4,582</u>	<u>\$ 509,665</u>

**City of Florence, South Carolina**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2020**

	<u>Balance at</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2020</u>
<b><u>Court Escrow</u></b>				
Assets				
Cash and cash equivalents	\$ 12,435	\$ 17,941	\$ -	\$ 30,376
Liabilities				
Due to others	\$ 12,435	\$ 17,941	\$ -	\$ 30,376
<b><u>Fire Trust</u></b>				
Assets				
Cash and cash equivalents	\$ 18,287	\$ -	\$ 4,492	\$ 13,795
Liabilities				
Due to others	\$ 18,287	\$ -	\$ 4,492	\$ 13,795
<b><u>Veterans Park Development</u></b>				
Assets				
Cash and cash equivalents	\$ 66,533	\$ 59,078	\$ 108,246	\$ 17,365
Investments	-	25,343	-	25,343
	<u>\$ 66,533</u>	<u>\$ 84,421</u>	<u>\$ 108,246</u>	<u>\$ 42,708</u>
Liabilities				
Due to others	\$ 66,533	\$ 84,421	\$ 108,246	\$ 42,708
<b><u>Narcotics Holding Funds</u></b>				
Assets				
Cash and cash equivalents	\$ 251,309	\$ -	\$ 51,962	\$ 199,347
Investments	63,737	153,187	-	216,924
	<u>\$ 315,046</u>	<u>\$ 153,187</u>	<u>\$ 51,962</u>	<u>\$ 416,271</u>
Liabilities				
Due to others	\$ 315,046	\$ 153,187	\$ 51,962	\$ 416,271
<b><u>Florence Area Humane Society</u></b>				
Assets				
Cash and cash equivalents	\$ 852	\$ 2,426	\$ 3,158	\$ 120
Liabilities				
Due to others	\$ 852	\$ 2,426	\$ 3,158	\$ 120
<b><u>Eat Smart Move More Fund</u></b>				
Assets				
Cash and cash equivalents	\$ 4,800	\$ 2,325	\$ 5,312	\$ 1,813
Liabilities				
Due to others	\$ 4,800	\$ 2,325	\$ 5,312	\$ 1,813

**City of Florence, South Carolina**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds--Continued**  
**Year Ended June 30, 2020**

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2020</u>
<b><u>Police Benevolence Fund</u></b>				
Assets				
Cash and cash equivalents	\$ (265)	\$ 265	\$ -	\$ -
Liabilities				
Due to others	\$ (265)	\$ 265	\$ -	\$ -
<b><u>Sav-a-lot Construction Fund</u></b>				
Assets				
Cash and cash equivalents	\$ -	\$ 241,192	\$ 236,610	\$ 4,582
Liabilities				
Due to others	\$ -	\$ 241,192	\$ 236,610	\$ 4,582
<b><u>Total - All Agency Funds</u></b>				
Assets				
Cash and cash equivalents	\$ 353,951	\$ 323,227	\$ 409,780	\$ 267,398
Investments	63,737	178,530	-	242,267
<b>Total Assets</b>	<b>\$ 417,688</b>	<b>\$ 501,757</b>	<b>\$ 409,780</b>	<b>\$ 509,665</b>
Liabilities				
Due to others	\$ 417,688	\$ 501,757	\$ 409,780	\$ 509,665
<b>Total Liabilities</b>	<b>\$ 417,688</b>	<b>\$ 501,757</b>	<b>\$ 409,780</b>	<b>\$ 509,665</b>

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Property Taxes</b>				
Current	\$ 5,070,000	\$ 4,547,000	\$ 4,547,061	\$ 61
Homestead exemption	305,000	305,000	321,059	16,059
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	7,000	7,000	12,012	5,012
Property tax credits	4,167,000	4,300,000	5,149,902	849,902
PILOT - Housing Authority	145,000	145,000	150,050	5,050
Motor carrier - FILO	112,000	97,700	97,731	31
Delinquent taxes	135,000	128,000	155,565	27,565
<b>Total Property Taxes</b>	<u>10,240,600</u>	<u>9,829,300</u>	<u>10,732,983</u>	<u>903,683</u>
<b>Licenses and Fees</b>				
Business and professional license	9,530,000	9,608,800	9,770,482	161,682
Franchise fees	4,260,000	4,155,900	4,156,899	999
Delinquent business licenses	220,000	189,200	189,274	74
<b>Total Licenses and Fees</b>	<u>14,010,000</u>	<u>13,953,900</u>	<u>14,116,655</u>	<u>162,755</u>
<b>Intergovernmental</b>				
Community development	52,900	52,900	52,900	-
Sales tax revenue	3,000,000	3,264,000	3,377,272	113,272
State shared revenue	878,000	878,000	878,578	578
Governmental reimbursements	353,000	304,400	304,424	24
State A tax funds	70,000	67,500	68,062	562
Grants	93,000	109,700	118,413	8,713
FEMA reimbursements	-	23,900	131,726	107,826
Equipment rental fee	300,000	292,900	292,916	16
Hurricane Matthew debris removal	-	-	51,907	51,907
Marketing and promotion	120,000	116,500	120,167	3,667
<b>Total Intergovernmental</b>	<u>4,866,900</u>	<u>5,109,800</u>	<u>5,396,365</u>	<u>286,565</u>
<b>Charges for Services</b>				
Refuse - landfill fee	1,670,000	1,659,600	1,740,347	80,747
Refuse - collection fee	335,000	333,550	335,835	2,285
Building permits	390,000	450,000	452,929	2,929
Planning and zoning fees	20,000	25,000	25,020	20
Recreation fees	165,000	101,210	388,560	287,350
<b>Total Charges for Services</b>	<u>2,580,000</u>	<u>2,569,360</u>	<u>2,942,691</u>	<u>373,331</u>
<b>Fines and Forfeitures</b>				
Criminal fines	50,000	28,420	28,427	7
Traffic fines	325,000	202,085	202,126	41
Parking violations fines	5,000	2,090	2,090	-
Animal control fines	3,000	2,400	2,480	80
<b>Total Fines and Forfeitures</b>	<u>383,000</u>	<u>234,995</u>	<u>235,123</u>	<u>128</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES--CONTINUED</b>				
<b>Miscellaneous</b>				
Investment income	140,000	150,000	205,228	55,228
Miscellaneous	544,500	444,525	1,973,104	1,528,579
Concessions	45,000	32,780	31,751	(1,029)
<b>Total Miscellaneous</b>	<u>729,500</u>	<u>627,305</u>	<u>2,210,083</u>	<u>1,582,778</u>
<b>TOTAL REVENUES</b>	<u>32,810,000</u>	<u>32,324,660</u>	<u>35,633,900</u>	<u>3,309,240</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
<b>City Council</b>				
Salary and wages	113,400	113,400	113,126	274
Retirement	18,030	14,580	13,106	1,474
Health insurance	92,810	90,330	88,864	1,466
Workers' compensation	9,540	9,880	9,853	27
Social security	6,440	6,450	6,394	56
Printing and supplies	1,000	1,000	189	811
Office supplies	1,500	1,500	224	1,276
Postage	100	100	3	97
Membership and dues	19,500	21,200	20,810	390
Travel and conferences	25,000	25,000	6,262	18,738
Telephone related services	5,500	5,500	4,659	841
Professional services	50,000	50,000	23,930	26,070
Special departmental supplies	5,500	4,800	3,389	1,411
<b>Total City Council</b>	<u>348,320</u>	<u>343,740</u>	<u>290,809</u>	<u>52,931</u>
<b>Legal Services</b>				
Salaries and wages	93,480	80,060	79,495	565
Retirement	14,640	12,270	12,263	7
Health insurance	24,410	18,770	18,567	203
Workers' compensation	1,640	2,180	1,699	481
Social Security	6,880	5,850	5,842	8
Professional services	2,600	1,100	895	205
Cable and related services	150	100	-	100
Printing and supplies	500	500	49	451
Employee training	100	500	390	110
Office supplies	1,100	1,800	1,456	344
Postage	600	200	116	84
Membership and dues	200	1,100	505	595
Travel and conferences	-	600	476	124
Telephone related services	1,400	800	639	161
<b>Total Legal Services</b>	<u>147,700</u>	<u>125,830</u>	<u>122,392</u>	<u>3,438</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>General Government--Continued</b>				
<b>Justice and Law</b>				
Salary and wages	360,720	332,560	325,732	6,828
Retirement	57,430	53,010	50,263	2,747
Health insurance	88,780	89,030	83,347	5,683
Workers' compensation	13,660	14,280	14,185	95
Social security	26,700	25,060	23,422	1,638
Printing and supplies	500	500	459	41
Postage	3,200	3,200	2,952	248
Membership and dues	700	700	420	280
Travel and conferences	5,000	4,000	2,142	1,858
Auto operating expenses	1,000	500	160	340
Telephone related services	5,500	11,000	10,229	771
Maintenance and service contracts	7,000	7,000	5,604	1,396
Machine and equipment repairs	500	500	-	500
Gas and oil	1,500	1,500	223	1,277
Employee training	4,300	1,300	821	479
Professional services	5,500	4,000	3,910	90
Jury vouchers	5,000	4,000	2,090	1,910
Office supplies	3,500	3,500	3,117	383
Special departmental supplies	2,500	3,500	3,018	482
Capital outlay	-	1,400	-	1,400
<b>Total Justice and Law</b>	<b>592,990</b>	<b>560,540</b>	<b>532,094</b>	<b>28,446</b>
<b>City Manager</b>				
Salary and wages	346,800	339,610	331,471	8,139
Retirement	54,360	50,810	50,439	371
Health insurance	45,430	38,080	37,950	130
Workers' compensation	8,260	8,580	8,579	1
Social security	26,140	25,140	24,213	927
Printing and supplies	500	1,000	324	676
Postage	500	500	100	400
Membership and dues	2,000	500	175	325
Travel and conferences	2,000	1,500	811	689
Car allowance	6,000	-	-	-
Lease payments	4,200	4,200	4,200	-
Auto operating expenses	500	500	-	500
Telephone related services	14,000	13,000	12,918	82
Maintenance and service contracts	1,900	1,900	1,422	478



**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>General Government--Continued</b>				
<b>City Manager--continued</b>				
Employee training	1,000	1,500	1,375	125
Professional services	1,000	1,000	540	460
Office supplies	2,000	2,000	1,177	823
Special departmental supplies	1,500	3,050	2,983	67
Gas and oil	200	200	-	200
Capital outlay	-	3,950	-	3,950
<b>Total City Manager</b>	<b>518,290</b>	<b>497,020</b>	<b>478,677</b>	<b>18,343</b>
<b>Finance</b>				
Salary and wages	663,490	686,960	686,921	39
Retirement	103,870	97,200	97,112	88
Health insurance	83,890	90,070	88,739	1,331
Workers' compensation	13,660	14,280	14,185	95
Social security	49,310	49,170	48,430	740
Printing and supplies	7,500	5,800	5,363	437
Postage	11,800	9,800	9,572	228
Membership and dues	2,000	2,500	2,423	77
Travel and conferences	3,000	3,000	2,901	99
Auto operating expenses	300	400	312	88
Telephone related services	12,000	10,000	9,075	925
Maintenance and service contracts	7,000	10,600	10,343	257
Machine and equipment repairs	500	500	-	500
Cable and related services	3,000	2,600	2,537	63
Public notices	1,000	1,100	1,038	62
Employee training	2,000	2,400	2,203	197
Professional services	1,000	600	530	70
Tax billing and collections	58,000	59,500	59,270	230
Office supplies	11,000	10,200	10,350	(150)
Special departmental supplies	400	2,900	2,578	322
Gas and oil	500	500	441	59
<b>Total Finance</b>	<b>1,035,220</b>	<b>1,060,080</b>	<b>1,054,323</b>	<b>5,757</b>

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>General Government--Continued</b>				
<b>Personnel</b>				
Salary and wages	368,890	383,130	382,897	233
Retirement	58,110	59,000	58,868	132
Health insurance	55,590	55,560	55,126	434
Workers' compensation	8,260	8,580	8,579	1
Social security	27,650	28,270	28,182	88
Printing and supplies	7,500	6,000	5,909	91
Postage	2,500	2,500	1,479	1,021
Membership and dues	1,500	1,500	857	643
Travel and conferences	2,500	2,500	2,317	183
Auto operating expenses	1,000	1,000	57	943
Telephone related services	5,000	5,000	4,551	449
Maintenance and service contracts	8,000	8,000	6,427	1,573
Public notices	15,000	18,000	17,555	445
Employee training	5,000	500	485	15
Professional services	66,500	62,700	61,560	1,140
Medical expenses	33,000	33,000	36,286	(3,286)
Office supplies	5,000	40,000	39,961	39
Gas and oil	1,000	1,000	34	966
Capital outlay	-	2,500	-	2,500
<b>Total Personnel</b>	<b>672,000</b>	<b>718,740</b>	<b>711,130</b>	<b>7,610</b>
<b>Community Service</b>				
Salary and wages	272,650	248,440	244,524	3,916
Retirement	36,310	39,940	37,735	2,205
Health insurance	44,790	41,360	38,687	2,673
Workers' compensation	10,910	11,320	11,297	23
Social security	17,380	19,300	18,278	1,022
Printing and supplies	500	500	97	403
Postage	250	300	218	82
Membership and dues	2,000	2,000	530	1,470
Travel and conferences	1,500	1,400	-	1,400
Auto operating expenses	4,500	2,900	2,773	127
Telephone related services	6,500	6,500	6,490	10
Radio maintenance	10	10	-	10
Maintenance and service contracts	200	100	-	100
Public notices	1,000	500	459	41

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>General Government--Continued</b>				
<b>Community Service--continued</b>				
Uniform and clothing	3,500	3,782	3,745	37
Employee training	2,200	2,994	2,894	100
Professional services	2,500	2,200	2,109	91
Office supplies	500	118	40	78
Special departmental supplies	4,500	2,106	942	1,164
Property management expenses	-	12,000	11,408	592
Gas and oil	4,800	6,400	5,897	503
<b>Total Community Service</b>	<b>416,500</b>	<b>404,170</b>	<b>388,123</b>	<b>16,047</b>
<b>Urban Planning &amp; Development</b>				
Salary and wages	236,230	280,930	280,739	191
Retirement	34,000	43,050	42,872	178
Health insurance	34,400	32,530	32,406	124
Workers' compensation	5,670	5,880	5,861	19
Social security	16,710	20,870	20,857	13
Printing and supplies	2,000	2,000	1,497	503
Postage	1,500	1,500	968	532
Membership and dues	4,700	3,700	2,726	974
Travel and conferences	2,000	1,000	606	394
Auto operating expenses	1,000	2,400	2,137	263
Telephone related services	4,200	6,200	5,491	709
Maintenance and service contracts	4,500	4,500	3,839	661
Public notices	5,000	5,000	3,423	1,577
Uniform and clothing	100	100	-	100
Employee training	2,700	1,700	1,265	435
Professional services	50,000	88,400	40,968	47,432
Office supplies	5,000	4,000	3,909	91
Special departmental supplies	2,000	1,200	220	980
Gas and oil	1,000	1,000	273	727
<b>Total Urban Planning &amp; Development</b>	<b>412,710</b>	<b>505,960</b>	<b>450,057</b>	<b>55,903</b>

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>General Government--Continued</b>				
<b>Building Inspections &amp; Permits</b>				
Salary and wages	208,320	163,550	163,425	125
Retirement	30,450	25,460	25,232	228
Health insurance	55,480	31,400	30,569	831
Workers' compensation	10,910	11,310	11,297	13
Social security	15,210	12,430	11,975	455
Printing and supplies	4,000	500	75	425
Postage	1,200	1,500	1,429	71
Membership and dues	1,000	250	-	250
Auto operating expenses	5,000	1,000	586	414
Telephone related services	6,000	5,000	3,032	1,968
Maintenance and service contracts	3,200	1,400	1,074	326
Uniform and clothing	1,600	500	119	381
Employee training	4,000	2,000	743	1,257
Professional services	126,000	218,800	218,586	214
Special departmental supplies	3,000	6,250	5,628	622
Gas and oil	4,000	3,500	2,184	1,316
Capital outlay	3,000	500	-	500
<b>Total Building Inspections &amp; Permits</b>	<b>482,370</b>	<b>485,350</b>	<b>475,954</b>	<b>9,396</b>
<b>Total General Government</b>	<b>4,626,100</b>	<b>4,701,430</b>	<b>4,503,559</b>	<b>197,871</b>
<b>Public safety</b>				
<b>Police</b>				
Salary and wages	5,670,180	5,597,130	5,234,413	362,717
Retirement	1,027,860	1,002,660	920,534	82,126
Health insurance	1,213,650	1,163,320	1,033,235	130,085
Workers' compensation	216,230	224,280	224,247	33
Social security	436,220	413,430	382,076	31,354
Printing and supplies	7,650	6,420	3,748	2,672
Postage	5,200	3,700	2,361	1,339
Membership and dues	2,500	2,500	1,200	1,300
Travel and conferences	5,000	3,000	1,843	1,157
Auto operating expenses	110,000	89,500	89,098	402
Electricity	19,000	20,500	18,276	2,224

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Public safety--continued</b>				
<b>Police--continued</b>				
Telephone related services	85,000	113,000	110,315	2,685
Cable and related services	5,500	5,500	3,787	1,713
Radio maintenance	5,000	5,000	4,803	197
Maintenance and service contracts	41,000	48,000	40,189	7,811
Maintenance and equipment repairs	6,450	3,450	751	2,699
Building and maintenance	2,000	8,500	6,286	2,214
Uniform and clothing	76,500	76,500	67,517	8,983
Prisoner housing	233,000	233,000	164,487	68,513
Inmate services	2,000	2,000	540	1,460
Rent payments	30,000	30,000	28,800	1,200
Employee training	20,000	12,000	9,055	2,945
Professional services	21,400	21,400	16,668	4,732
Pal expenses	4,500	1,000	-	1,000
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	65,700	133,700	131,370	2,330
Gas and oil	220,000	197,000	180,739	16,261
Water usage	5,800	5,800	3,709	2,091
Grant expenditures	12,000	12,000	12,000	-
Capital outlay	82,300	1,297,130	74,609	1,222,521
<b>Total Police</b>	<b>9,632,640</b>	<b>10,732,420</b>	<b>8,766,656</b>	<b>1,965,764</b>
<b>Fire</b>				
Salary and wages	3,685,440	3,715,170	3,629,035	86,135
Retirement	674,690	675,590	653,382	22,208
Health insurance	828,710	771,350	750,310	21,040
Workers' compensation	117,560	122,020	121,977	43
Social security	264,820	271,710	263,582	8,128
Printing and supplies	1,000	500	158	342
Janitorial/sanitary supplies	13,000	13,000	12,592	408
Postage	150	150	106	44
Membership and dues	1,350	1,000	740	260
Auto operating expenses	60,000	68,500	66,622	1,878
Electricity	50,000	49,350	43,095	6,255
Telephone related services	36,000	37,350	37,294	56
Heating fuel	20,000	17,200	14,527	2,673
Fire prevention	9,500	6,500	5,403	1,097
Risk management	6,500	6,500	5,128	1,372

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Public safety--continued</b>				
<b>Fire--continued</b>				
Radio maintenance	6,500	4,000	3,807	193
Maintenance and service contracts	25,000	23,500	21,530	1,970
Maintenance and equipment repairs	17,500	4,500	4,132	368
Building and maintenance	20,000	25,000	23,483	1,517
Uniform and clothing	35,000	28,500	27,877	623
Rent payments	14,000	14,000	12,000	2,000
Employee training	18,000	13,000	11,783	1,217
Professional services	9,500	9,500	8,439	1,061
Personal protective equipment	38,000	37,000	36,342	658
Special departmental supplies	40,000	66,500	65,948	552
Gas and oil	50,000	50,000	41,253	8,747
Water usage	20,000	20,800	20,780	20
Capital outlay	146,000	227,000	10,848	216,152
<b>Total Fire</b>	<b>6,208,220</b>	<b>6,279,190</b>	<b>5,892,173</b>	<b>387,017</b>
<b>Total Public Safety</b>	<b>15,840,860</b>	<b>17,011,610</b>	<b>14,658,829</b>	<b>2,352,781</b>
<b>Public works</b>				
<b>Streets and Beautification</b>				
Salary and wages	1,767,210	1,773,150	1,743,071	30,079
Retirement	274,580	277,030	268,239	8,791
Health insurance	512,040	439,560	419,565	19,995
Workers' compensation	49,210	51,150	51,050	100
Social security	129,630	131,180	127,477	3,703
Printing and supplies	500	500	-	500
Office supplies	3,000	3,900	3,868	32
Janitorial supplies	15,000	14,000	12,829	1,171
Safety supplies	4,000	4,000	2,357	1,643
Postage	100	100	80	20
Membership and dues	500	-	-	-
Auto operating expenses	35,000	38,000	37,634	366
Electricity	40,000	40,000	39,269	731
Telephone related services	8,000	11,500	11,096	404
Radio maintenance	2,000	500	370	130
Maintenance and service contracts	4,900	6,300	5,125	1,175
Maintenance and equipment repairs	50,000	70,700	69,783	917
Building and maintenance	18,500	19,100	16,281	2,819

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Public works--continued</b>				
<b>Streets and Beautification--continued</b>				
Tree beautification	5,000	8,000	6,751	1,249
Sign shop supplies	7,000	3,500	3,421	79
Medical expenses	30,000	29,000	28,878	122
Uniform and clothing	35,000	35,000	34,627	373
Inmate services	33,000	20,000	19,800	200
Chemicals	10,000	8,500	7,807	693
Paving materials and supplies	10,000	9,000	8,982	18
Irrigation materials and supplies	2,000	1,000	837	163
Turf & landscape supplies	20,000	20,000	16,210	3,790
Employee training	1,000	400	150	250
Professional services	47,000	43,000	38,668	4,332
Special departmental supplies	43,000	51,000	50,614	386
Gas and oil	70,000	75,000	74,886	114
Water usage	15,000	18,500	17,697	803
Capital outlay	56,000	178,900	72,127	106,773
<b>Total Streets and Beautification</b>	<b>3,298,170</b>	<b>3,381,470</b>	<b>3,189,549</b>	<b>191,921</b>
<b>Sanitation</b>				
Salary and wages	891,700	896,370	886,112	10,258
Retirement	139,740	141,150	136,050	5,100
Health insurance	260,760	196,050	192,061	3,989
Workers' compensation	36,930	38,310	38,309	1
Social security	65,210	66,520	64,862	1,658
Printing and supplies	800	800	201	599
Postage	100	100	23	77
Membership and dues	100	100	-	100
Auto operating expenses	190,000	234,200	234,090	110
Telephone related services	1,600	4,600	4,404	196
Radio maintenance	2,500	2,500	1,057	1,443
Maintenance and service contracts	3,000	3,000	349	2,651
Maintenance and equipment repairs	100,000	120,700	120,645	55
Landfill services	1,475,000	1,539,000	1,538,828	172
Uniform and clothing	20,000	20,000	17,023	2,977
Office supplies	150	1,500	677	823
Compost supplies	500	500	-	500
Safety supplies	3,400	3,400	1,231	2,169
Public notices	5,000	5,000	3,309	1,691
Employee training	150	150	-	150

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Public works--continued</b>				
<b>Sanitation--continued</b>				
Professional services	1,000	1,000	-	1,000
Special departmental supplies	12,000	10,650	7,865	2,785
Gas and oil	200,000	184,800	180,364	4,436
Capital outlay	<u>368,500</u>	<u>435,500</u>	<u>216,215</u>	<u>219,285</u>
<b>Total Sanitation</b>	<u>3,778,140</u>	<u>3,905,900</u>	<u>3,643,675</u>	<u>262,225</u>
<b>Equipment Maintenance</b>				
Salary and wages	354,420	326,550	296,438	30,112
Retirement	55,530	49,700	40,830	8,870
Health insurance	59,180	54,770	44,247	10,523
Workers' compensation	9,540	9,880	9,853	27
Social security	26,510	25,720	21,952	3,768
Printing and supplies	-	100	70	30
Auto operating expenses	3,000	4,000	3,566	434
Telephone related services	1,600	1,600	1,553	47
Heating fuel	4,500	4,500	3,332	1,168
Radio maintenance	300	200	55	145
Maintenance and service contracts	1,800	1,800	675	1,125
Maintenance and equipment repairs	500	400	-	400
Uniform and clothing	6,200	5,700	4,456	1,244
Office supplies	100	200	185	15
Janitorial supplies	200	200	-	200
Safety supplies	100	100	80	20
Employee training	300	300	-	300
Professional services	2,000	2,000	1,600	400
Special departmental supplies	5,500	25,500	25,012	488
Gas and oil	5,000	5,000	4,306	694
Capital outlay	<u>4,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<b>Total Equipment Maintenance</b>	<u>540,280</u>	<u>521,220</u>	<u>458,210</u>	<u>63,010</u>
<b>Total Public Works</b>	<u>7,616,590</u>	<u>7,808,590</u>	<u>7,291,434</u>	<u>517,156</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Culture and recreation</b>				
<b>Parks and Leisure Services</b>				
Salary and wages	781,410	690,100	527,587	162,513
Retirement	106,700	93,540	82,024	11,516
Health insurance	158,150	139,230	93,532	45,698
Workers' compensation	50,580	52,540	52,494	46
Social security	58,250	51,280	40,029	11,251
Printing and supplies	4,500	4,500	3,489	1,011
Postage	500	500	77	423
Membership and dues	1,700	1,700	965	735
Travel and conferences	5,400	5,400	940	4,460
Auto operating expenses	11,000	11,000	9,512	1,488
Electricity	81,500	81,500	80,347	1,153
Farmer's Market fuel oil	-	1,550	992	558
Telephone related services	12,000	18,100	18,094	6
Cable and related services	4,000	6,300	6,208	92
Radio maintenance	500	480	-	480
Maintenance and service contracts	19,000	17,500	14,297	3,203
Maintenance and equipment repairs	2,500	2,500	1,787	713
Building maintenance	32,800	26,975	18,758	8,217
Facility and park maintenance	4,000	4,311	3,680	631
Tree beautification	3,000	2,000	-	2,000
Uniforms and clothing	7,000	7,000	4,184	2,816
Office supplies	4,000	4,000	3,862	138
Safety supplies	600	600	328	272
Janitorial services and supplies	10,000	11,100	11,100	-
Athletic field supplies	2,000	864	864	-
Irrigation supplies	800	800	-	800
Inmate services	500	500	-	500
Food and supplies	4,000	4,000	2,373	1,627
Employee training	3,000	3,000	2,040	960
Professional services	4,000	5,968	5,968	-
Contracted instructors	15,000	22,000	18,843	3,157
Special departmental supplies	30,000	23,202	12,852	10,350
Gas and oil	28,200	28,200	16,842	11,358
Water usage	20,000	21,000	20,556	444
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	(200)	2,200
Grant expenditures	33,000	48,900	16,502	32,398
Capital outlay	16,600	80,200	-	80,200
<b>Total Parks and Leisure Services</b>	<b>1,539,190</b>	<b>1,495,340</b>	<b>1,091,926</b>	<b>403,414</b>

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Culture and recreation--continued</b>				
<b>Athletic Programs</b>				
Salary and wages	650,680	637,830	608,243	29,587
Retirement	74,960	93,160	92,861	299
Health insurance	125,160	107,290	101,158	6,132
Workers' compensation	84,760	87,920	87,915	5
Social security	46,000	50,460	45,009	5,451
Printing and supplies	1,000	1,000	616	384
Postage	500	500	129	371
Membership and dues	2,500	2,000	1,532	468
Travel and conferences	6,500	6,500	2,281	4,219
Auto operating expenses	6,000	6,000	3,867	2,133
Electricity	236,000	242,000	212,642	29,358
Telephone related services	9,500	9,500	7,693	1,807
Cable and related services	7,000	7,000	4,961	2,039
Maintenance and service contracts	43,000	43,000	31,941	11,059
Maintenance and equipment repairs	7,000	8,500	7,391	1,109
Radio repairs and maintenance	1,000	1,000	-	1,000
Building maintenance	2,000	2,000	901	1,099
Facility and park maintenance	49,000	73,500	73,254	246
Tree beautification	15,000	5,000	1,070	3,930
Uniforms and clothing	13,000	13,000	5,113	7,887
Inmate services	27,000	25,500	15,720	9,780
Office supplies	2,000	2,000	967	1,033
Safety supplies	1,000	1,000	655	345
Janitorial services and supplies	17,000	17,000	15,131	1,869
Athletic field supplies	17,000	17,000	16,865	135
Food and supplies	20,000	25,000	24,655	345
Employee training	3,500	2,500	550	1,950
Professional services	19,500	19,500	15,904	3,596
Special departmental supplies	5,500	17,500	12,436	5,064
Irrigation parts and supplies	10,000	10,000	6,538	3,462
Pro shop supplies	11,000	16,100	16,024	76
Stadium commission	8,100	8,100	8,100	-
Athletic expenses	15,000	9,400	9,400	-
Gymnastic expenses	8,000	6,000	5,726	274
Tennis center expenses	15,000	15,000	14,703	297
Freedom Florence expenses	14,000	13,700	11,305	2,395
Gymnasium expenses	10,000	10,000	9,613	387
Soccer expenses	10,000	10,000	10,000	-
Gas and oil	11,000	11,000	8,636	2,364
Water usage	63,000	56,000	45,586	10,414
Marketing and promotion	154,500	324,500	55,393	269,107

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Culture and recreation--continued</b>				
<b>Athletic Programs--continued</b>				
Tournaments	7,000	8,500	4,300	4,200
Capital outlay	117,700	332,700	34,973	297,727
<b>Total Athletic Programs</b>	<b>1,947,360</b>	<b>2,355,160</b>	<b>1,631,757</b>	<b>723,403</b>
<b>Total Culture and Recreation</b>	<b>3,486,550</b>	<b>3,850,500</b>	<b>2,723,683</b>	<b>1,126,817</b>
<b>Non-Departmental</b>				
Employee relations	43,000	67,000	66,622	378
Unemployment compensation	5,000	3,000	6,862	(3,862)
OPEB expense	718,000	718,000	718,000	-
Employee assistance	-	-	11,220	(11,220)
Property and liability insurance	470,000	498,000	497,513	487
Small claims	130,000	128,000	127,971	29
Employee W/C small claims	79,000	60,000	54,423	5,577
Credit card fees	45,000	45,200	45,083	117
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	218,000	264,000	218,000	46,000
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Property acquisition expenditures	-	2,573,300	947,044	1,626,256
NOU Homeless program	75,000	75,000	78,127	(3,127)
Florence Family Support Ctr	21,000	21,000	3,311	17,689
Salvation Army	7,000	7,000	7,000	-
Lighthouse Ministries	7,000	7,000	7,000	-
The Manna House	7,000	7,000	7,000	-
My Brother's Keeper	18,000	18,000	18,000	-
COVID CARES Supplement	-	215,000	74,422	140,578
Art Trail Gallery	-	100	84	16
Dargan Street Incubator	100,900	100,900	100,419	481
Farmers Market expenses	23,000	163,000	104,643	58,357
Contingency	100,000	1,498,430	-	1,498,430
Street lights	900,000	1,001,000	1,000,860	140
Rail to trail project	-	1,500	1,500	-
Celebration Blvd Restriping	-	25,000	-	25,000
Tank Site development	-	46,600	46,136	464
Public Art	-	100,000	77,760	22,240
Recreation Facilities Rehab	-	22,000	-	22,000
Management software expenditures	58,000	63,000	54,793	8,207
Health services	75,000	84,000	82,666	1,334

**City of Florence, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual--Continued**  
**General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES--CONTINUED</b>				
<b>Non-Departmental--continued</b>				
Fire district tax reimbursement	17,000	2,000	8	1,992
IT Support Services	302,100	329,100	314,392	14,708
Legal services	65,000	67,000	62,857	4,143
Downtown revitalization	-	-	6,191	(6,191)
Professional Services	-	-	51,480	(51,480)
Community Centers	-	-	713,953	(713,953)
Parks/Facilities Improvements	87,000	87,000	806,138	(719,138)
Property Clearing/Demolition	52,900	452,900	456,018	(3,118)
Special projects	55,000	115,000	69,389	45,611
Other recreation programs	-	-	290,919	(290,919)
Downtown promotions	40,000	83,000	66,115	16,885
Florence Civic Center	-	100,000	-	100,000
BTC parking lease	63,000	63,000	63,000	-
City Center operations	360,000	325,000	129,543	195,457
Keep Florence Beautiful	5,000	5,000	5,000	-
<b>Total Non-Departmental</b>	<u>4,176,900</u>	<u>9,471,030</u>	<u>7,421,462</u>	<u>2,049,568</u>
<b>Debt Service</b>				
Principal	2,741,000	1,242,000	8,526,849	(7,284,849)
Interest	1,000	1,000	881,697	(880,697)
<b>Total Debt Service</b>	<u>2,742,000</u>	<u>1,243,000</u>	<u>9,408,546</u>	<u>(8,165,546)</u>
<b>TOTAL EXPENDITURES</b>	<u>38,489,000</u>	<u>44,086,160</u>	<u>46,007,513</u>	<u>(1,921,353)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>				
	<u>(5,679,000)</u>	<u>(11,761,500)</u>	<u>(10,373,613)</u>	<u>1,387,887</u>
<b>Other Financing Sources</b>				
Proceeds from long-term debt	-	-	7,365,000	7,365,000
Capital leases	-	-	216,215	216,215
Proceeds from sale of property	-	448,300	448,335	35
Proceeds from insurance settlements	110,000	120,000	189,986	69,986
Transfers in	5,569,000	5,600,000	5,034,310	(565,690)
Appropriation of fund balance	-	5,593,200	-	(5,593,200)
<b>Total Other Financing Sources</b>	<u>5,679,000</u>	<u>11,761,500</u>	<u>13,253,846</u>	<u>1,492,346</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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>NET CHANGES IN FUND BALANCE</b>	-	-	2,880,233	2,880,233
Fund balance at beginning of year	<u>27,307,161</u>	<u>27,307,161</u>	<u>27,307,161</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 27,307,161</u>	<u>\$ 27,307,161</u>	<u>\$ 30,187,394</u>	<u>\$ 2,880,233</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Water service fees	\$ 17,125,000	\$ 17,136,400	\$ 17,056,199	\$ (80,201)
Sewer service fees	18,890,000	19,465,000	19,222,823	(242,177)
Sewer surcharge	8,000	7,750	7,782	32
Cut on fees	160,000	146,100	146,175	75
Water tap fees	690,000	702,950	775,700	72,750
Sewer tap fees	227,000	253,050	275,967	22,917
Service charges	255,000	220,450	220,505	55
Late fees	375,000	306,300	306,362	62
Miscellaneous	165,000	100,000	232,235	132,235
Total Operating Revenues	<u>37,895,000</u>	<u>38,338,000</u>	<u>38,243,748</u>	<u>(94,252)</u>
<b>Operating Expenses</b>				
<b>Engineering</b>				
Salary and wages	867,950	891,520	870,143	21,377
Retirement	135,370	131,930	133,005	(1,075)
Health insurance	130,050	115,340	111,155	4,185
Workers' compensation	15,050	15,630	15,629	1
Social security	62,090	61,530	61,204	326
Printing and supplies	5,000	5,000	3,574	1,426
Postage	300	300	22	278
Membership and dues	2,500	2,500	1,495	1,005
Auto operating expenses	4,500	5,500	5,147	353
Electricity	30,000	30,000	23,228	6,772
Travel and conferences	1,500	1,500	-	1,500
Telephone related services	11,000	13,000	12,673	327
Radio maintenance	500	500	-	500
Maintenance and service contracts	50,000	50,000	42,750	7,250
Building maintenance	5,000	5,000	-	5,000
Uniforms and clothing	2,000	2,000	400	1,600
Public notices	200	200	-	200
Employee training	2,000	2,550	2,509	41
Professional services	55,000	48,650	40,256	8,394
Special departmental supplies	8,000	11,800	9,872	1,928
Gas and oil	13,500	13,500	8,272	5,228
Other equipment	8,000	8,000	-	8,000
Total Engineering	<u>1,409,510</u>	<u>1,415,950</u>	<u>1,341,334</u>	<u>74,616</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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Utility Finance</b>				
Salary and wages	1,318,090	1,248,560	1,243,650	4,910
Retirement	209,320	194,630	191,831	2,799
Health insurance	219,740	195,340	259,357	(64,017)
Workers' compensation	35,600	37,040	36,950	90
Social security	96,860	95,460	91,967	3,493
Printing and supplies	4,500	9,000	8,612	388
Office supplies	16,000	16,000	14,862	1,138
Postage	12,000	38,500	38,195	305
Membership and dues	1,700	1,700	449	1,251
Travel and conferences	1,500	1,500	147	1,353
Auto operating expenses	24,800	37,800	47,003	(9,203)
Radio maintenance	1,500	-	-	-
Other maintenance and repairs	3,500	3,500	2,141	1,359
Telephone related services	14,000	25,300	25,169	131
Maintenance and service contracts	65,000	60,700	32,454	28,246
Employee training	1,250	1,250	957	293
Utility billing	225,000	234,300	225,498	8,802
Special departmental supplies	14,000	20,000	20,441	(441)
Meters, parts and supplies	150,000	123,600	123,041	559
Uniforms and clothing	10,000	15,000	12,437	2,563
Gas and oil	47,000	52,000	45,482	6,518
Building and fixed equipment	-	80,000	-	80,000
Other equipment	-	10,000	-	10,000
<b>Total Utility Finance</b>	<u>2,471,360</u>	<u>2,501,180</u>	<u>2,420,643</u>	<u>80,537</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Wastewater Treatment</b>				
Salary and wages	1,404,160	1,287,300	1,215,998	71,302
Retirement	218,950	194,550	178,649	15,901
Health insurance	295,350	259,360	228,379	30,981
Workers' compensation	39,670	41,140	41,112	28
Social security	102,450	93,740	88,046	5,694
Printing and supplies	2,200	2,570	2,387	183
Postage	1,600	1,000	986	14
Membership and dues	11,000	11,830	11,347	483
Auto operating expenses	10,000	13,330	10,968	2,362
Electricity	1,330,000	1,320,520	1,320,412	108
Heating fuel	15,000	10,090	10,088	2
Telephone related services	9,000	17,890	17,458	432
Radio maintenance	500	-	-	-
Maintenance and service contracts	60,000	78,730	78,242	488
Machine and equipment repairs	350,000	782,980	639,637	143,343
Building maintenance	5,000	12,180	10,166	2,014
Landfill services	320,000	368,750	361,248	7,502
Uniforms and clothing	18,000	17,200	16,736	464
Chemicals	205,000	223,660	223,325	335
Lab supplies	34,000	35,320	33,028	2,292
Employee training	10,000	6,170	5,087	1,083
Professional services	60,000	111,320	258,369	(147,049)
Special departmental supplies	70,000	53,000	51,076	1,924
Gas and oil	45,000	40,680	40,332	348
Water usage	14,000	20,200	20,195	5
Upgrade and painting	350,000	41,070	11,049	30,021
<b>Total Wastewater Treatment</b>	<b>4,980,880</b>	<b>5,044,580</b>	<b>4,874,320</b>	<b>170,260</b>



**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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Water Production - Surface Water</b>				
Salary and wages	418,510	356,440	352,150	4,290
Retirement	65,130	61,700	54,398	7,302
Health insurance	73,650	54,480	54,371	109
Workers' compensation	12,300	12,760	12,741	19
Social security	31,080	29,640	26,242	3,398
Printing and supplies	800	960	633	327
Postage	140	140	29	111
Membership and dues	650	650	600	50
Auto operating expenses	2,000	3,000	2,866	134
Electricity	360,000	307,160	307,150	10
Telephone related services	5,000	9,470	9,300	170
Heating fuel	20,000	13,160	13,072	88
Radio maintenance	500	-	-	-
Maintenance and service contracts	10,000	9,520	9,513	7
Machine and equipment repairs	142,260	138,260	130,333	7,927
Building maintenance	36,000	37,830	21,978	15,852
Uniform and clothing	6,000	4,500	4,296	204
Chemicals	302,500	411,060	405,657	5,403
Lab supplies	45,000	44,840	44,000	840
Employee training	1,500	1,500	1,170	330
Professional services	20,000	8,500	8,079	421
Special departmental supplies	20,000	8,000	7,225	775
Gas and oil	4,000	7,000	6,797	203
Water usage	1,800	2,870	2,869	1
Upgrade and painting	520,000	1,440,275	-	1,440,275
<b>Total Water Production - Surface Water</b>	<u>2,098,820</u>	<u>2,963,715</u>	<u>1,475,469</u>	<u>1,488,246</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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Water Production - Ground Water</b>				
Salary and wages	342,110	299,510	283,957	15,553
Retirement	53,240	49,240	43,782	5,458
Health insurance	72,860	75,250	66,375	8,875
Workers' compensation	10,920	11,320	11,297	23
Social security	25,250	23,110	20,650	2,460
Postage	170	-	-	-
Membership and dues	600	600	495	105
Auto operating expenses	5,000	7,000	6,363	637
Electricity	760,500	873,660	873,659	1
Telephone related services	40,000	62,500	61,743	757
Heating fuel	200	250	243	7
Radio maintenance	400	-	-	-
Machine and equipment repairs	80,000	90,750	90,077	673
Building maintenance	3,000	3,000	958	2,042
Uniform and clothing	5,000	6,000	5,025	975
Chemicals	100,000	131,250	131,250	-
Lab supplies	14,500	16,840	16,831	9
Employee training	1,500	500	300	200
Professional services	75,000	60,500	57,871	2,629
Well repairs	121,600	71,580	82,286	(10,706)
Special departmental supplies	5,500	4,500	4,216	284
Gas and oil	17,000	25,280	22,840	2,440
Water usage	8,500	9,500	8,707	793
Upgrade and painting	175,000	40,520	33,996	6,524
<b>Total Water Production - Ground Water</b>	<b>1,917,850</b>	<b>1,862,660</b>	<b>1,822,921</b>	<b>39,739</b>

**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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Distribution Operations</b>				
Salary and wages	942,360	898,420	895,165	3,255
Retirement	146,680	139,470	137,675	1,795
Health insurance	215,670	195,440	193,568	1,872
Workers' compensation	28,680	29,740	29,730	10
Social security	69,480	68,830	65,754	3,076
Printing and supplies	7,550	7,540	6,600	940
Postage	150	10	1	9
Membership and dues	300	200	100	100
Auto operating expenses	25,500	20,500	21,101	(601)
Electricity	10,000	9,430	9,420	10
Telephone related services	6,000	12,880	11,967	913
Heating fuel	10,000	3,370	3,332	38
Radio maintenance	500	270	260	10
Maintenance and service contracts	4,500	7,000	6,701	299
Maintenance and equipment repairs	36,000	45,500	352,558	(307,058)
Building maintenance	17,000	18,200	18,194	6
Uniform and clothing	19,000	16,000	15,684	316
Meters, parts and supplies	95,000	110,000	106,507	3,493
Pipe fittings and hydrants	270,000	201,200	198,521	2,679
Paving materials and supplies	7,500	48,030	53,456	(5,426)
Employee training	1,000	500	331	169
Professional services	10,000	3,990	3,647	343
Special departmental supplies	27,500	40,000	39,830	170
Gas and oil	45,000	65,500	65,352	148
Water usage	10,500	11,550	11,549	1
<b>Total Distribution Operations</b>	<u>2,005,870</u>	<u>1,953,570</u>	<u>2,247,003</u>	<u>(293,433)</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Collection Operations</b>				
Salary and wages	664,660	626,735	626,081	654
Retirement	103,470	100,140	96,765	3,375
Health insurance	145,070	132,450	129,855	2,595
Workers' compensation	19,150	20,370	19,876	494
Social security	48,560	47,900	45,861	2,039
Printing and supplies	700	-	-	-
Postage	50	10	1	9
Membership and dues	1,000	1,050	1,025	25
Travel and conferences	400	-	-	-
Auto operating expenses	33,000	30,000	28,909	1,091
Telephone related services	1,600	4,600	4,244	356
Radio maintenance	500	-	-	-
Maintenance and equipment repairs	33,000	49,000	47,293	1,707
Uniform and clothing	11,000	10,500	10,503	(3)
Pipe fittings and hydrants	96,000	982,000	981,668	332
Paving materials and supplies	56,000	28,540	30,790	(2,250)
Employee training	2,000	100	75	25
Professional services	200	1,760	674	1,086
Special departmental supplies	30,000	30,000	27,229	2,771
Gas and oil	40,000	54,500	53,879	621
<b>Total Collection Operations</b>	<b>1,286,360</b>	<b>2,119,655</b>	<b>2,104,728</b>	<b>14,927</b>
<b>Non-Departmental</b>				
Depreciation and amortization	11,582,000	11,582,000	9,113,423	2,468,577
Bank charges	77,000	38,500	49,724	(11,224)
Credit card fees	155,000	156,900	191,323	(34,423)
Employee relations	37,000	54,500	51,066	3,434
Unemployment compensation	2,000	1,000	5,260	(4,260)
Other post employment benefits	259,300	259,300	156,262	103,038
GASB 68 pension expense	-	-	627,534	(627,534)
Property and liability insurance	283,500	303,500	299,162	4,338
Small claims	79,000	120,000	116,143	3,857
Employee W/C small claims	13,000	28,000	27,770	230
Legal services	65,000	63,000	62,857	143
City Center operations	360,000	325,000	323,911	1,089
Contingency	250,000	724,020	-	724,020
Tank Site development	-	46,600	-	46,600

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses--Continued</b>				
<b>Non-Departmental--continued</b>				
IT support services	261,600	271,100	270,843	257
IT upgrade	40,500	55,500	38,370	17,130
Management system software	100,000	76,000	75,414	586
Health services	75,000	83,000	82,666	334
Refunds for prior years	-	-	620,714	(620,714)
Professional fees	-	-	114,129	(114,129)
Special projects	100,000	137,000	136,000	1,000
Other equipment	-	-	123	(123)
<b>Total Non-Departmental</b>	<u>13,739,900</u>	<u>14,324,920</u>	<u>12,362,694</u>	<u>1,962,226</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>29,910,550</u>	<u>32,186,230</u>	<u>28,649,112</u>	<u>3,537,118</u>
<b>OPERATING INCOME</b>	<u>7,984,450</u>	<u>6,151,770</u>	<u>9,594,636</u>	<u>3,442,866</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	185,000	225,000	800,948	575,948
Economic development	(1,250,000)	(1,491,000)	(618,674)	872,326
Miscellaneous revenues	1,800,000	1,800,000	299,953	(1,500,047)
Loss on disposal of assets	-	-	(1,531,955)	(1,531,955)
Interest expense	-	-	(6,218,343)	(6,218,343)
Appropriation of net position	-	1,626,600	-	(1,626,600)
<b>Total Non-Operating (Expenses)</b>	<u>735,000</u>	<u>2,160,600</u>	<u>(7,268,071)</u>	<u>(9,428,671)</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>8,719,450</u>	<u>8,312,370</u>	<u>2,326,565</u>	<u>(5,985,805)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>3,295,834</u>	<u>3,295,834</u>
<b>INCOME BEFORE TRANSFERS TRANSFERS OUT</b>	<u>8,719,450</u>	<u>8,312,370</u>	<u>5,622,399</u>	<u>(2,689,971)</u>
	<u>(9,701,450)</u>	<u>(9,294,370)</u>	<u>(3,778,000)</u>	<u>5,516,370</u>
<b>CHANGES IN NET POSITION</b>	<u>(982,000)</u>	<u>(982,000)</u>	<u>1,844,399</u>	<u>2,826,399</u>
Net position at beginning of year	<u>140,764,040</u>	<u>140,764,040</u>	<u>140,764,040</u>	<u>-</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 139,782,040</u>	<u>\$ 139,782,040</u>	<u>\$ 142,608,439</u>	<u>\$ 2,826,399</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Stormwater service fees	\$ 1,325,000	\$ 1,324,000	\$ 1,351,507	\$ 27,507
Miscellaneous	8,500	9,600	18,409	8,809
<b>Total Operating Revenues</b>	<u>1,333,500</u>	<u>1,333,600</u>	<u>1,369,916</u>	<u>36,316</u>
<b>Operating Expenses</b>				
Salary and wages	332,460	332,410	330,400	2,010
Retirement	51,760	52,120	50,661	1,459
Health insurance	71,630	64,360	63,000	1,360
Workers' compensation	10,220	11,030	10,703	327
Social security	24,620	24,870	24,253	617
Printing and supplies	500	-	-	-
Membership and dues	1,000	100	15	85
Postage	200	-	-	-
Travel and conferences	800	-	-	-
Auto operating expenses	20,430	26,930	26,793	137
Electricity	3,000	4,550	4,335	215
Telephone related services	1,000	800	772	28
Radio maintenance	500	-	-	-
Maintenance and equipment repairs	27,250	41,500	40,221	1,279
Uniforms and clothing	5,000	5,000	4,852	148
Pipe fittings and hydrants	11,700	5,000	3,619	1,381
Employee training	1,000	700	340	360
Professional services	19,730	19,730	96,522	(76,792)
Special departmental supplies	14,200	3,500	3,294	206
Gas and oil	35,000	36,000	35,657	343
Depreciation	-	-	327,805	(327,805)
Bank charges	-	-	3,350	(3,350)
Employee relations	1,000	2,000	1,541	459
Property and liability insurance	9,600	10,100	10,087	13
Other post employment benefits	20,000	20,000	12,074	7,926
GASB 68 pension expense	-	-	44,824	(44,824)
<b>TOTAL OPERATING EXPENSES</b>	<u>662,600</u>	<u>660,700</u>	<u>1,095,118</u>	<u>(434,418)</u>
<b>OPERATING INCOME</b>	<u>670,900</u>	<u>672,900</u>	<u>274,798</u>	<u>(398,102)</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, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	6,500	6,400	11,819	5,419
Miscellaneous revenues	-	-	30,500	30,500
Interest expense	-	-	(17,413)	(17,413)
Loss on disposal of assets	-	-	(50,258)	(50,258)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>6,500</u>	<u>6,400</u>	<u>(25,352)</u>	<u>(31,752)</u>
 <b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	 677,400	 679,300	 249,446	 (429,854)
 <b>CAPITAL CONTRIBUTIONS</b>	 <u>-</u>	 <u>-</u>	 <u>51,912</u>	 <u>51,912</u>
 <b>INCOME BEFORE TRANSFERS TRANSFERS OUT</b>	 677,400 <u>(677,400)</u>	 679,300 <u>(679,300)</u>	 301,358 <u>(110,000)</u>	 (377,942) <u>569,300</u>
 <b>CHANGES IN NET POSITION</b>	 -	 -	 191,358	 191,358
Net position at beginning of year	<u>2,828,801</u>	<u>2,828,801</u>	<u>2,828,801</u>	<u>-</u>
 <b>NET POSITION AT END OF YEAR</b>	 <u>\$ 2,828,801</u>	 <u>\$ 2,828,801</u>	 <u>\$ 3,020,159</u>	 <u>\$ 191,358</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**For The Year Ended June 30, 2020**

**FOR THE STATE TREASURER'S OFFICE:**

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b><u>General Sessions</u></b>	<b><u>Magistrate Court</u></b>	<b><u>Municipal Court</u></b>	<b><u>Total</u></b>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			641,287	641,287
Court fines and assessments remitted to State Treasurer			374,351	374,351
<b>Total Court Fines and Assessments retained</b>			266,936	266,936
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			8,928	8,928
Assessments retained			31,483	31,483
<b>Total Surcharges and Assessments retained for victim services</b>			40,411	40,411

**FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)**

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	84,434		84,434
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	31,483		31,483
Victim Service Surcharges Retained by City/County Treasurer	8,928		8,928
Interest Earned	31		31
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			
(2) Town of			
(3) City of			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	124,876		124,876



**CITY OF FLORENCE, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**For The Year Ended June 30, 2020**

<b><u>Expenditures for Victim Service Program:</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	73,625		73,625
Operating Expenditures	8,585		8,585
<b>Victim Service Contract(s):</b>			
(1) Entity's Name			
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>82,210</b>		<b>82,210</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	<b>42,666</b>		<b>42,666</b>
Less: Prior Year Fund Deficit Repayment			
<b>Carryforward Funds – End of Year</b>	<b>42,666</b>		<b>42,666</b>

## STATISTICAL SECTION

<b><u>Contents</u></b>	<b><u>Page</u></b>
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<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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in,										
capital assets	\$ 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	\$ 53,146,832
Restricted	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	3,932,339
Unrestricted	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)	(19,529,042)
Total governmental activities net assets	\$ 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	\$ 37,550,129
Business-type activities										
Net investment in,										
capital assets	\$ 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	\$ 111,026,196
Restricted	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	3,889,776
Unrestricted	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	30,712,626
Total business-type activities net assets	\$ 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	\$ 145,628,598
Primary government totals										
Net investment in,										
capital assets	\$ 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	\$ 164,173,028
Restricted	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	7,822,115
Unrestricted	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	11,183,584
Total primary government net assets	\$ 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	\$ 183,178,727

Table 02

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 11,128,639
Public safety	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	15,338,078
Public works	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	7,797,621
Culture and recreation	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	3,546,944
Community development	502,885	1,097,686	730,670	1,235,708	777,787	937,622	1,550,188	2,387,177	16,067,752	3,491,822
Interest on debt	525,463	672,883	428,682	462,255	1,005,236	1,030,379	1,528,433	2,149,479	2,088,378	2,279,529
Total governmental activities expenses	<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>	<u>43,582,633</u>
Business-type activities:										
Water & Sewer	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	36,718,131
Stormwater	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	1,132,289
Total business-type activities expenses	<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>	<u>37,850,420</u>
Total primary government expenses	<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>	<u>\$ 81,433,053</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 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	\$ 17,771,616
Operating grants and contributions	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	2,944,931
Capital grants and contributions	51,000	356,500	111,430	-	4,799,532	189,356	5,501,991	1,051,725	941,560	85,000
Total governmental activities program revenues	<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>	<u>20,801,547</u>
Business-type activities:										
Charges for services:										
Water & Sewer	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	37,338,471
Stormwater	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	1,351,507
Operating grants and contributions	-	-	119,553	-	-	-	-	-	-	-
Capital grants and contributions	741,858	-	82,545	226,298	366,838	-	-	1,190,748	191,335	3,347,746
Total business-type activities revenues	<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>	<u>42,037,724</u>
Total primary government revenues	<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>	<u>62,839,271</u>
<b>Net (expense)/revenue</b>										
Governmental activities	(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)	(22,781,086)
Business-type activities	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	4,187,304
Total primary government net expense	<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>	<u>\$ (18,593,782)</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 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	\$ 11,280,518
Hospitality Fees	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	4,205,349
Unrestricted grants and contributions	711,684	728,643	851,358	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380	9,152,620	4,659,987
Investment earnings	22,815	20,686	42,800	25,579	66,674	121,779	256,538	548,200	837,750	489,014
Gain on sale of assets	-	355,108	-	-	-	-	-	-	-	146,290
Miscellaneous	158,122	149,837	895,937	1,112,385	793,547	745,861	593,622	1,972,958	1,366,098	2,064,819
Transfers	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	3,888,000
Total governmental activities	<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>	<u>26,733,977</u>
Business-type activities										
Investment earnings	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767
Miscellaneous	928,575	965,858	977,161	897,012	1,091,191	1,074,478	987,088	842,447	1,543,536	923,686
Transfers	(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)	(3,888,000)
Total business-type activities	<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>	<u>(2,151,547)</u>
Total primary government	<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>	<u>\$ 24,582,430</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 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	\$ 3,952,891
Business-type activities	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	2,035,757
Total primary government	<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>	<u>\$ 5,988,648</u>

Table 03

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Business License/ Franchise Fees</b>	<b>Hospitality Fee</b>	<b>Fines and Forfeitures</b>	<b>Total</b>
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
2020	11,280,518	14,116,655	4,205,349	235,123	29,837,645

Table 04

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

	<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>	<u>2020</u>
General Fund										
Nonspendable	\$ 255,201	\$ 265,745	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914	\$ 6,325,288	\$ 7,791,240
Restricted	210,000	-	331,319	-	-	-	-	-	-	-
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	4,094,673
Unassigned	<u>8,740,538</u>	<u>8,291,180</u>	<u>8,415,209</u>	<u>9,081,509</u>	<u>10,109,014</u>	<u>11,591,331</u>	<u>13,320,377</u>	<u>11,053,105</u>	<u>17,709,776</u>	<u>18,301,481</u>
Total General Fund	\$ 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	\$ 30,187,394
All other governmental funds										
Nonspendable	\$ 20,730	\$ 25,063	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473	\$ 334,218	\$ 382,469
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	18,436,319
Committed	3,141,642	1,409,480	596,533	596,233	522,669	411,240	174,408	19,816	375	128,732
Assigned	1,194,567	675,914	-	15,000	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,090,518</u>	<u>\$ 3,390,291</u>	<u>\$ 3,128,357</u>	<u>\$ 18,482,069</u>	<u>\$ 15,904,118</u>	<u>\$ 15,043,523</u>	<u>\$ 29,077,884</u>	<u>\$ 40,358,460</u>	<u>\$ 23,005,563</u>	<u>\$ 19,076,252</u>



Table 05

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

	<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>	<u>2020</u>
<b>Revenues</b>										
Property Taxes	\$ 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	\$ 11,175,749
Licenses and fees	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	19,233,504
Intergovernmental	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	7,283,691
Charges for services	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	3,070,150
Fines and forfeitures	695,789	692,526	644,920	637,171	540,934	549,212	465,109	416,398	327,772	235,123
Investment earnings	30,006	20,689	40,298	25,579	66,674	121,779	256,538	548,200	837,750	489,014
Miscellaneous	3,001,651	675,859	1,042,119	534,793	654,253	536,381	2,783,624	3,562,056	7,730,916	3,690,323
<b>Total revenues</b>	<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>	<u>45,177,554</u>
<b>Expenditures</b>										
<b>Current</b>										
General government	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	9,401,450
Public safety	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	14,674,771
Public works	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	7,003,092
Culture and recreation	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	3,280,478
Community development	502,885	1,097,686	730,670	1,418,149	777,787	937,622	1,550,188	2,300,015	16,088,454	3,455,168
<b>Debt Service</b>										
Principal	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	10,595,239
Interest	537,190	612,332	459,469	473,483	1,002,763	1,012,960	1,597,432	2,209,172	2,069,257	2,279,529
<b>Capital Outlay</b>	<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>	<u>7,773,173</u>
<b>Total expenditures</b>	<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>	<u>58,462,900</u>
Excess of revenues under expenditures	<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>	<u>(13,285,346)</u>
<b>Other financing sources (uses)</b>										
Issuance of debt	5,345,000	-	-	23,734,000	-	6,750,000	35,570,000	15,334,554	7,100,000	7,365,000
Debt issuance cost	(37,000)	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	72,102	-	487,788	296,753	246,904	118,636	234,726	214,552	189,986
Transfers in	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	5,487,210
Transfers out	(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)	(1,599,210)
Proceeds from sale of property	-	-	-	-	-	777,040	-	-	-	448,335
Proceeds of capital lease	47,025	395,606	6,610,362	705,308	478,801	1,886,085	-	32,400	252,400	216,215
<b>Total other financing sources (uses)</b>	<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>	<u>12,107,536</u>
<b>Net changes in governmental fund balance</b>	<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>	<u>\$ (1,177,810)</u>
Debt service as a percentage of non-capital expenditures	5.7%	8.6%	7.0%	21.3%	7.7%	8.1%	34.3%	14.6%	12.8%	25.4%

Table 06

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

	<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>	<u>2020</u>
<b>Revenues</b>										
Water & Sewer										
Service Fees	\$ 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	\$ 36,286,804
Sewer Surcharges	96,440	35,156	40,594	50,664	21,944	17,698	102	-	-	-
Cut on Fees	162,648	147,414	193,597	187,447	190,132	151,209	159,534	167,278	216,056	146,174
Water & Sewer										
Tap Fees	403,421	546,986	517,016	568,610	706,918	778,005	834,426	997,393	955,267	1,051,666
Service Charges	226,186	240,778	269,065	226,691	246,082	243,994	249,883	234,730	253,514	220,505
Late Fees	422,020	430,468	390,401	404,942	472,545	427,652	358,480	228,925	446,945	306,362
Stormwater Fees	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	1,351,507
Investment earnings	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767
Intergovernmental revenues	-	-	119,553	-	-	-	-	-	-	-
Miscellaneous	928,575	152,512	206,643	304,230	2,508,622	3,307,917	2,055,470	3,405,836	2,956,237	3,928,843
<b>Total revenues</b>	<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>	<u>44,104,628</u>
<b>Expenditures</b>										
<b>Current</b>										
Engineering	974,177	1,032,580	987,846	924,838	958,134	1,002,782	1,003,953	1,197,154	1,318,545	1,341,334
Utility Finance	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	2,420,643
Wastewater Treatment	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	4,874,320
Water Production	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	3,298,390
Distribution Operations	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	2,247,003
Collection Operations	768,601	732,536	787,045	971,134	1,157,306	1,122,358	1,192,920	1,183,288	1,567,868	2,104,728
Stormwater	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	1,095,118
Non-departmental	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	20,799,335
<b>Net Interdepartmental</b>										
Transfer	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	3,888,000
<b>Total expense</b>	<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>	<u>42,068,871</u>
<b>Net change in net position</b>	<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>	<u>\$ 2,035,757</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>
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
2020	11,175,749	14,116,655	4,205,349	235,123	29,732,876

Table 08

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
		<u>Residential Property</u>	<u>Commercial Property</u>	<u>Motor Vehicles</u>	<u>Other</u>					
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
2020	2019	62,792,921	77,028,934	18,928,192	17,338,196	5,368,773	170,719,470	61.8	3,316,691,790	5.15

Source: Florence County

Table 09

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

Fiscal Year	Tax Year	Overlapping Rates <sup>(1)</sup>										
		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		
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
2020	2019	59.1	2.7	61.8	78.2	12.5	90.7	206.6	31.2	237.8	9.7	400.0

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(2)</sup>
Duke Energy Progress	\$ 3,711,340	1	2.11%	\$ 3,251,830	3	2.04%
McLeod Regional Medical Center	3,438,810	2	1.95	4,267,810	2	2.68
Magnolia, LLC	3,273,470	3	1.86			
Raldex, Inc	2,233,560	4	1.27	1,638,220	7	1.03
Wal-Mart	1,691,880	5	0.96	2,652,090	5	1.67
Florence Mall	1,626,540	6	0.92			
QHC of SC	1,311,200	7	0.74			
Holcombe Land Development	1,293,090	8	0.73	1,289,900	8	0.81
HCP Medical Offices	1,285,060	9	0.73			
South Carolina Electric and Gas	1,020,060	10	0.58	836,650	10	0.53
Edens & Avant Fin. Ltd. Partnership				1,066,770	9	0.67
Carolinas Hospital System				9,022,630	1	5.67
Carolina Power & Light				3,042,070	4	1.91
BellSouth Telecommunications				1,920,340	6	1.21
Totals			11.85%			18.22%

Source: Florence County

(1) Total Assessed Value for 2020 was \$176,088,243

(2) Total Assessed Value for 2010 was \$159,086,173

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>
2011	2010	\$9,020,186	\$8,793,288	97.5%	\$ 81,256	\$8,874,544	98.4%
2012	2011	9,044,059	8,846,137	97.8	118,204	8,964,341	99.1
2013	2012	9,002,920	8,831,673	98.1	57,702	8,889,375	98.7
2014	2013	9,077,725	8,950,117	98.6	60,905	9,011,022	99.3
2015	2014	9,289,810	9,077,292	97.7	59,698	9,136,990	98.4
2016	2015	9,631,656	9,385,169	97.4	71,315	9,456,484	98.2
2017	2016	10,329,938	9,998,304	96.8	113,933	10,112,237	97.9
2018	2017	10,537,302	10,408,923	98.8	86,732	10,495,656	99.6
2019	2018	10,743,520	10,671,439	99.3	59,583	10,731,022	99.9
2020	2019	10,882,253	10,685,490	98.2	-	10,685,490	98.2

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 <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
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	415,000	6,081,902	94,944,511	39,694,619	205,515,974	2.48	5,386
2019	10,795,778	56,682,000	350,000	5,475,146	91,671,772	36,923,800	201,898,496	*	5,188
2020	9,943,388	54,967,000	285,000	5,093,512	112,911,645	19,317,822	202,518,367	*	5,191

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

\* Personal Income Tax Data is not currently available



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

<u>Fiscal Year</u>	<u>Population<sup>(1)</sup></u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2011	37,614	\$ 159,086,173 <sup>(2)</sup>	\$ 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 <sup>(2)</sup>	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
2020	39,015	176,088,243 <sup>(2)</sup>	9,943,388	766,297	9,177,091	5.21	235

(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, 2020**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City<sup>(1)</sup></u>	<u>Amount Applicable to the City</u>
<b>Direct:</b>			
City of Florence	\$ 202,518,367	100.00%	\$ 202,518,367
<b>Overlapping:<sup>(2)</sup></b>			
Florence County	N/A <sup>(3)</sup>	36.48%	-
Florence School District 1	<u>34,250,000</u>	45.12%	<u>15,453,600</u>
Total Overlapping Debt	\$ 34,250,000		\$ 15,453,600
 Total Direct & Overlapping Debt	 <u>\$ 236,768,367</u>		 <u>\$ 217,971,967</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  
Florence County Treasurer's Office

(3) Florence County was unable to provide its current outstanding debt for June 30, 2020.

**Table 15**

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

	<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>	<u>2020</u>
Debt Limit	\$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	\$14,087,059
Total net debt applicable to limit	<u>5,345,000</u>	<u>4,660,930</u>	<u>4,352,686</u>	<u>4,028,474</u>	<u>3,712,674</u>	<u>10,123,079</u>	<u>7,778,525</u>	<u>5,302,089</u>	<u>10,012,434</u>	<u>9,177,091</u>
Legal Debt Margin	<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>	<u>\$4,909,968</u>
Total net debt applicable to the limit as a percentage of debt limit	42.00%	36.53%	34.27%	31.45%	28.23%	74.23%	56.66%	38.30%	70.93%	65.15%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Taxable Assessed Value - 2019 Levy	\$176,088,243
Add back: exempt real property	
Total Assessed Value	<u>\$176,088,243</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$14,087,059
Debt applicable to limit:	
Total Bonded Debt	\$9,943,388
Less Amounts Available in Debt Service Fund	(766,297)
Less Deductions Allowed by Law	
Total Net Debt Applicable to Limit	<u>9,177,091</u>
Legal Debt Margin	<u>\$4,909,968</u>

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

Fiscal Year <sup>(1)</sup>	Gross Revenue <sup>(2)</sup>	Less: Operating Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage <sup>(4)</sup>
				Principal	Interest	Total	
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
2020	39,842,147	19,535,689	20,306,458	3,423,417	5,381,508	8,804,925	2.31

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

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

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

(4) 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 2019-20 was \$ 1,587,302

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

<u>Fiscal Year</u>	<u>Population<sup>(1)</sup></u>	<u>Personal Income (in millions)<sup>(2)</sup></u>	<u>Per Capita Personal Income<sup>(2)</sup></u>	<u>Public School Enrollment<sup>(3)</sup></u>	<u>Unemployment Rate<sup>(4)</sup></u>
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	8,286	40,413	16,500	3.1
2019	38,918	*	*	15,906	3.6
2020	39,015	*	*	15,583	8.8

\* 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>2020</u>			<u>2011</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment<sup>(1)</sup></u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment<sup>(1)</sup></u>
McLeod Regional Medical Center	5,926	1	31.4 %	4,700	1	28.6 %
Florence School District One	2,489	2	13.2	2,093	2	12.7
The Assurant Group	1,210	3	6.4	881	4	5.4
MUSC Health	1,186	4	6.3			
Olsten Staffing Service	926	5	4.9			
Administrators/TRICARE (BCBS)	850	6	4.5	850	5	5.2
Florence County	836	7	4.4	782	7	4.8
Wal-Mart	598	8	3.2	800	6	4.9
City of Florence	557	9	3.0	515	8	3.1
Florence Co. Disabilities & Spec. Needs	258	10	1.4	350	9	2.1
Carolinas Hospital System				1,325	3	8.1
SC DHEC				336	10	2.0
			<u>78.7 %</u>			<u>76.9 %</u>

(1) Total employment for June 2020: 18,874

(2) Total employment for June 2011: 16,418

Table 19

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

Customer	Type of Business	2020			2011		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Medical Center	Medical Services	1	\$ 384,746	2.18%	1	\$ 193,141	1.38%
Johnson Controls	Manufacturing	2	233,330	1.32	2	159,746	1.14
Ruiz Foods	Manufacturing	3	229,645	1.30			
Francis Marion University	University	4	222,938	1.26	3	158,841	1.13
Florence School District 1	Public School	5	175,610	0.99			
Thermo Fisher Scientific	Manufacturing	6	170,721	0.97			
Florence County	County Government	7	151,507	0.86			
State of South Carolina	State Government	8	85,869	0.49			
Florence County Housing Auth.	Housing	9	76,427	0.43			
Forest Lake Apartments	Apartments	10	70,415	0.40			
Roche Carolina	Manufacturing				4	98,013	0.70
Rental Uniforms	Industrial				5	63,774	0.45
Carolinas Hospital System	Medical Services				6	61,521	0.44
ESAB	Mau				7	60,640	0.43
Darlington County	County Government				8	59,923	0.43
PET Dairy	Manufacturing				9	59,759	0.43
Days Inn Motels	Franchise				10	49,462	0.35
<b>TOTALS</b>			<u>\$1,801,208</u>	<u>10.19%</u>		<u>\$964,820</u>	<u>6.87%</u>

2020 Total Billed Revenue: \$17,679,428

2011 Total Billed Revenue: \$14,041,755

Table 20

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

Customer	Type of Business	2020			2011		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$399,141	2.00%	1	\$282,181	1.93%
Ruiz Foods	Manufacturing	2	356,004	1.79			
Francis Marion University	University	3	351,334	1.76	3	232,480	1.59
Koppers	Manufacturing	4	313,564	1.57	2	267,681	1.83
Northeast Landfill	Industrial	5	270,503	1.36	4	220,358	1.51
Florence School District 1	Public School	6	227,216	1.14			
Johnson Controls	Manufacturing	7	210,980	1.06	9	96,271	0.66
Darlington County Water & Sewer	Government	8	193,383	0.97			
State of South Carolina	State Government	9	130,309	0.65			
Florence County Housing Auth.	Housing	10	121,962	0.61			
ESAB	Manufacturing				5	196,016	1.34
PET Dairy	Manufacturing				6	157,068	1.07
Rental Uniforms	Industrial				7	117,559	0.80
Roche Carolina	Manufacturing				8	115,580	0.79
Forest Lake Apartment	Residential				10	72,769	0.50
<b>TOTALS</b>			<u>\$2,574,396</u>	<u>12.93%</u>		<u>\$1,757,963</u>	<u>11.18%</u>

2020 Total Billed Revenues: \$19,914,164

2011 Total Billed Revenues: \$14,641,165



**Table 21**

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

	Fiscal Year									
	2011	2012	2013	2014 <sup>(1)</sup>	2015	2016	2017	2018 <sup>(2)</sup>	2019	2020
<b>Water Customers:</b>										
Residential	27,333	27,561	27,760	28,740	28,920	29,088	29,064	28,321	28,833	29,405
Commercial	2,977	3,006	3,027	3,139	3,136	3,149	3,289	3,540	3,567	3,616
Industrial	3	2	2	2	2	2	2	2	0	0
<b>Total</b>	<b>30,313</b>	<b>30,569</b>	<b>30,789</b>	<b>31,881</b>	<b>32,058</b>	<b>32,239</b>	<b>32,355</b>	<b>31,863</b>	<b>32,400</b>	<b>33,021</b>
<b>Sewer Customers:</b>										
Residential	17,344	17,517	17,689	18,648	18,808	18,991	18,976	18,368	18,877	19,351
Commercial	2,228	2,263	2,275	2,368	2,348	2,360	2,466	2,390	2,399	2,440
Industrial	5	4	4	4	4	2	2	2	1	1
<b>Total</b>	<b>19,577</b>	<b>19,784</b>	<b>19,968</b>	<b>21,020</b>	<b>21,160</b>	<b>21,353</b>	<b>21,444</b>	<b>20,760</b>	<b>21,277</b>	<b>21,792</b>

(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>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>	<u>2020</u>
<b>Minimum Rates<sup>(1)</sup></b>										
<b>Inside City Rates</b>										
3/4"	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75	\$ 14.00	\$ 14.25
1"	25.50	26.05	26.60	27.15	37.70	28.25	28.80	29.35	29.90	30.45
1 1/4"	36.75	37.55	38.35	39.15	39.95	40.75	41.55	42.35	43.15	43.95
1 1/2"	48.00	49.05	50.10	51.15	52.20	53.25	54.30	55.35	56.40	57.45
2"	75.00	76.65	78.30	79.95	81.60	83.25	84.90	86.55	88.20	89.85
3"	147.00	150.25	153.50	156.75	159.90	163.25	166.50	169.75	169.80	176.25
4"	228.00	233.05	238.10	243.15	248.20	253.25	258.30	263.35	268.40	273.45
6"	453.00	463.05	470.10	480.15	493.20	503.25	513.30	523.35	533.40	543.45
8"	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45
Volume Rate (per 1,000 gallons)	1.75	1.79	1.83	1.87	1.91	1.95	1.99	2.03	2.07	2.11
<b>Minimum Rates<sup>(1)</sup></b>										
<b>Outside City Rates</b>										
3/4"	17.40	17.77	18.14	18.51	18.88	19.25	19.62	19.99	20.36	20.73
1"	39.00	39.85	40.70	41.55	42.40	43.25	44.10	64.94	45.80	46.65
1 1/4"	57.00	58.25	59.50	60.75	62.00	63.25	64.50	86.55	67.00	68.25
1 1/2"	75.00	76.65	78.30	79.95	81.60	83.25	84.90	136.47	88.20	89.85
2"	118.20	120.81	123.42	126.03	128.64	131.25	133.86	136.47	139.08	141.69
3"	233.40	238.57	243.74	248.91	254.08	259.25	264.42	269.59	276.76	279.93
4"	363.00	371.05	379.10	387.15	395.20	403.25	411.30	419.35	427.40	435.45
6"	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45
8"	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	1,385.85
Volume Rate (per 1,000 gallons)	2.80	2.86	2.93	2.99	3.06	3.12	3.18	3.25	3.31	3.45

(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>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>	<u>2020</u>
<b>Minimum Rates<sup>(1)</sup></b>										
<b>Inside City Rates</b>										
3/4"	\$ 20.60	\$ 21.20	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30	\$ 26.05	\$ 56.80
1"	46.85	48.20	50.68	51.15	52.63	54.23	55.83	57.55	59.28	61.00
1 1/4"	68.73	70.70	72.86	75.03	77.19	79.54	81.89	141.98	86.96	89.50
1 1/2"	90.60	93.20	96.05	98.90	101.75	104.85	107.95	111.30	114.65	118.00
2"	143.10	147.20	151.70	156.20	167.70	165.60	170.50	175.80	181.10	186.40
3"	283.10	291.20	300.10	309.00	317.90	327.60	337.30	347.80	358.30	368.80
4"	440.60	453.20	467.05	480.90	494.75	509.85	524.95	541.30	557.65	574.00
6"	878.10	903.20	930.80	958.40	986.00	1,016.10	1,046.20	1,078.80	1,111.40	1,144.00
8"	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	1,828.00
Volume Rate (per 1,000 gallons)	2.48	2.55	2.63	2.71	2.79	2.87	2.96	3.05	3.14	3.23
<b>Minimum Rates<sup>(1)</sup></b>										
<b>Outside City Rates</b>										
3/4"	31.10	32.00	32.98	33.96	34.94	36.00	37.06	38.20	39.34	40.48
1"	73.10	75.20	77.51	79.80	82.11	84.61	87.11	89.80	92.51	95.20
1 1/4"	108.11	111.20	114.60	118.01	121.40	125.10	128.80	132.81	136.80	140.80
1 1/2"	143.10	147.20	151.70	156.20	160.70	165.60	170.50	175.80	181.10	186.40
2"	227.10	233.60	240.74	247.88	255.02	262.60	270.58	279.00	287.42	295.84
3"	451.10	464.00	478.18	492.36	506.54	522.00	537.46	554.20	570.94	587.68
4"	703.10	723.20	745.30	767.40	789.50	813.60	837.70	863.80	889.90	916.00
6"	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	1,828.00
8"	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	2,922.40
Volume Rate (per 1,000 gallons)	3.48	3.97	4.08	4.21	4.34	4.46	4.59	4.88	5.02	5.17

(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 <sup>(1)</sup>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government Admin.	13	14	12	12	11	11	11	12	13	12
Finance Department	10	10	9	9	9	9	9	9	9	9
Personnel Department	5	6	6	5	6	6	6	6	6	6
Community Services Department	8	8	8	8	5	5	5	6	6	6
Public Safety										
Police	153	153	154	146	150	149	149	137	137	137
Fire	85	85	85	86	85	85	85	86	85	85
Total Public Safety	238	238	239	232	235	234	234	223	222	222
Public Works Department										
Streets and Beautification	30	30	36	50	50	50	50	51	53	52
Sanitation	27	27	27	27	27	27	27	26	26	28
Equipment Maintenance	7	7	7	7	7	7	7	7	7	7
Total Public Works	64	64	70	84	84	84	84	84	86	87
Parks and Recreation	41	41	41	26	26	27	27	32	30	32
Urban Planning & Development	8	7	5	4	4	4	4	5	4	5
Buildings Inspections & Permits <sup>(2)</sup>	0	0	0	0	0	0	0	5	5	5
Water and Sewer	119	120	122	118	120	121	127	128	132	139
Stormwater	9	9	9	8	8	8	8	8	8	8
Total Employees	515	517	521	506	508	509	515	518	521	531

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**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Police</b>										
Physical Arrests	2,740	2,965	3,570	3,386	3,009	4,448	3,566	3,847	2,190	2,995
Traffic Violations	12,697	7,728	7,923	6,693	9,758	7,454	9,578	9,181	6,497	5,004
Parking Violations	546	514	430	355	148	355	292	218	124	108
<b>Fire</b>										
Calls Answered	2,709	2,492	2,557	2,520	2,923	3,131	3,215	3,279	4,346	4,660
Inspections	1,797	1,992	1,735	1,744	1,341	1,595	1,281	1,462	2,845	3,916
<b>Water System</b>										
Service Connections <sup>(1)</sup>	30,396	30,546	30,789	31,949	32,179	32,239	32,355	31,861	32,319	33,021
Average daily production (in millions of gallons)	13.00	13.00	12.17	12.65	13.62	12.50	13.20	13.20	13.20	13.20
Maximum daily capacity (in millions of gallons)	26.00	26.00	25.60	26.46	26.46	26.46	26.50	26.50	26.50	26.50
<b>Wastewater System</b>										
Service connections <sup>(1)</sup>	19,641	19,780	19,954	21,070	21,259	21,353	21,444	20,758	21,197	21,792
Average daily treatment (in millions of gallons)	10.00	8.50	8.63	12.21	11.14	11.27	12.06	12.06	12.06	12.06
Maximum daily capacity (in millions of gallons)	18.00	18.00	18.00	24.00	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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	3	3	3	2	2	2	2	2	2
Resource Centers	9	5	6	4	3	4	4	3	3	0
Patrol units	133	159	165	168	164	159	159	158	133	157
Fire Stations	5	5	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (in miles)	96	97	99	103	103	103	112	114	114	115
Streetlights (Leased)	6,670	6,722	6,722	6,756	6,996	7,121	7,389	7,490	7,632	7,721
Culture and Recreation										
Community centers	6	6	4	5	5	5	5	5	5	6
Parks	19	19	18	18	18	19	19	19	19	19
Park acreage	660	660	655	655	655	669	669	706	706	706
Tennis courts	54	50	49	50	50	50	50	50	50	50
Water System										
Water mains (in miles)	724	733	748	796	806	841	843	844	849	850
Fire hydrants	2,229	2,259	2,317	2,547	2,577	2,666	2,733	2,750	2,780	2,787
Wastewater System										
Sanitary sewers (in miles)	448	456	462	507	507	507	507	508	508	509
Treatment plants	1	1	1	2	2	2	2	2	2	2
Stormwater System										
Storm sewers (in miles)	75	76	76	76	76	77	77	77	95	96

Source: Various City departments.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**MISCELLANEOUS STATISTICS**  
**June 30, 2020**

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<b>Date of Incorporation</b>	1890
<b>Form of Government</b>	Council/Manager
<b>Total Number of Full-Time Employees</b>	531
<b>Area in square miles</b>	29.75
 <b>Facilities and services not included in the primary government</b>	
Cable Television System	1447
Miles of service (Florence County)	
 Education	
Number of elementary schools	14
Number of elementary school instructors	587
Number of secondary schools	8
Number of secondary school instructors	640
 <b>Facilities and services not included in the reporting entity</b>	
Hospitals	
Number of hospitals	3
Number of patient beds	953
 <b>Other data</b>	
Business Licenses issued for fiscal year 2019-20	4,098
New Business Licenses issued for fiscal year 2019-20	728
Business License Receipts	\$ 9,959,756
Percent change in Business License receipts from prior year	-0.53%
Franchise Fee Receipts	\$ 4,156,899
Percent change in Franchise Fee receipts from prior year	-0.57%
Population (estimated population)	39,015
City of Florence gross retail sales for calendar year 2019.	\$ 2,560,558,783
Per Capita spending for calendar year 2019	\$ 65,630
Outstanding General Obligation Debt	\$ 9,943,388
Outstanding Revenue Debt	\$ 167,878,645
 City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
Residential construction permits issued	416
Construction value	\$ 38,962,786
Commercial construction permits issued	1,176
Construction value	\$ 65,916,731

**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, 2020. 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, 2020.

## 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, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed through to Subrecipients	Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs				
Community Development Block Grants	14.218	N/A	\$ 15,000	\$ 587,126
Total Direct Department of Housing and Urban Development			<u>15,000</u>	<u>587,126</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	45,936
Neighborhood Stabilization Program	14.228	11-NSP-116	-	26,995
Subtotal CFDA 14.228			<u>-</u>	<u>72,931</u>
<b>Total Department of Housing and Urban Development</b>			<u>15,000</u>	<u>660,057</u>
<b>U.S. Department of Justice</b>				
Direct Programs				
Bulletproof Vest Partnership Program	16.607	N/A	-	9,949
<b>Total Department of Justice</b>			<u>-</u>	<u>9,949</u>
<b>U.S. Department of Agriculture Rural Development</b>				
Direct Program				
Emergency Community Water Assistance Grant	10.763	N/A	-	1,151,082
<b>Total Department of Agriculture</b>			<u>-</u>	<u>1,151,082</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 15,000</u>	<u>\$ 1,821,088</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, 2020**

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**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, 2020, the City had the following outstanding loans:

	<u>CFDA #</u>	<u>Amount</u>
<b>U.S. Environmental Protection Agency</b>		
Timmonsville Sewer System Rehabilitation - Phase 2	66.458	<u>5,223,247</u>
<b>Total Environmental Protection Agency</b>		<u>5,223,247</u>
<b>Total Loans Outstanding</b>		<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, 2020

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#### 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, 2020**

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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, 2020, 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 26, 2020.

**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