

CITY OF FLORENCE, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022



PREPARED BY
CITY OF FLORENCE, SOUTH CAROLINA
FINANCE DEPARTMENT

INTRODUCTORY SECTION

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

FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

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November 28, 2022

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 Annual Comprehensive Financial Report of the City of Florence (the City) for the fiscal year ended June 30, 2022.

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, 2022 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, 2022, 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 27 square miles and serves a population of approximately 40,000. 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 can be accessed from 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, Niagara Bottling, 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, 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 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

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 continued 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 a few remaining projects funded through the Capital Projects Sales Tax II continued in fiscal year 2022.

In November 2020, 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 \$120,000,000. The annual debt service on this bond will be funded by the proceeds of the capital project sales tax.

The "Capital Project Sales Tax III" 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, 2021 and will continue to collect the tax until April 30, 2028. The City of Florence was allocated \$40,000,000 for the following projects within the city limits:

- Intersection Improvements \$ 4,100,000
- Road Resurfacing 35,900,000

Construction of a numerous projects funded through the Capital Projects Sales Tax III continued in fiscal year 2022.

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.

During the fiscal year ended June 30, 2022, only \$334,000 was expended on these projects and as of June 30, 2022, only \$780,000 in TIF bond funds remained to be expended.

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 pay off 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 conditional grant and development agreement 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.

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. Iola Jones and Maple Park community centers were completed in 2020 utilizing this IPRB funding.

In February 2019, design began on a \$19,400,000 athletic complex, consisting of six youth baseball fields, a 400-meter running track with associated track and field equipment, and a 1,200-seat baseball stadium. Construction of this complex began in April 2021. This complex is being funded primarily by approximately \$7,700,000 from the 2017 IPRB, \$7,000,000 from the 2020 IPRB, and a \$2,875,000 lease issued in October 2021 primarily to fund the ballfield lights at the complex. The lease was issued for a period of ten years at an interest rate of 1.79%. As of June 30, 2022, approximately \$4,500,000 remained to spent in the project budget.

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 was to 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.

As of June 30, 2022, the City has sold eight neighborhood revitalization homes, with two more currently under construction.

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 and have been sold. 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 \$6,267,000 in General Obligation Bonds. The bonds were issued for a term of 15 years, maturing on September 30, 2034, at an interest rate of 1.42%

The proceeds of these bonds were 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 was constructed on the west side of the City in order to service the growth in that area of the City.

Hogan Construction Group, LLC was awarded the contract to construct the two stations and work began in February 2021. The two stations were completed and placed into service in December 2021 at an approximate cost of \$2,500,000 per station.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive 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 2021 marks the twenty-fourth consecutive year the award has been received by the City of Florence. We believe that this Annual Comprehensive 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 Annual Comprehensive 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

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Florence
South Carolina**

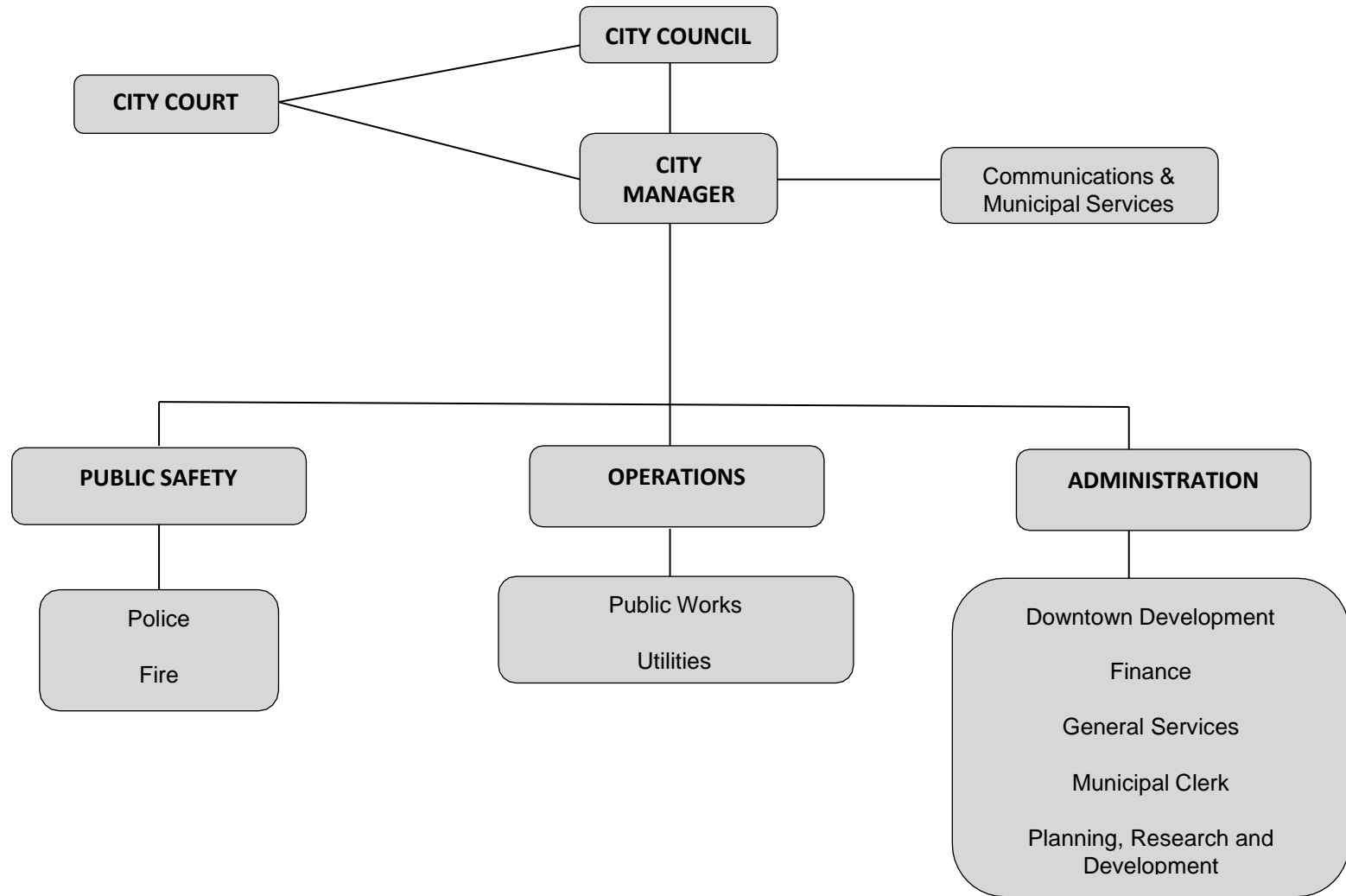
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

**CITY OF FLORENCE ORGANIZATIONAL CHART
FY 2021-22**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2022**

GOVERNING BODY

Teresa Myers Ervin, Mayor
George D. Jebaily, Mayor Pro Tempore
Pat Gibson-Hye Moore
Lethonia Barnes
Chaquez T. McCall
Bryan A. Braddock
C. William Schofield

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
Jennifer L. Krawiec, Human Resources Director
Charles E. Pope, Jr., Public Works Director
K. Amanda Pope, Marketing/Communications & Municipal Services 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
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Florence, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 152, 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 187, 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 21, 2022, 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.

A handwritten signature in black ink that reads "Burch, Oyster, Seale Co., CPAs, PA". The signature is written in a cursive, flowing style.

October 21, 2022

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, 2022. 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 \$202,814,461 (*net position*). Of this amount, \$18,250,106 (*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 \$6,883,259 during the fiscal year ended June 30, 2022, with a \$199,495 increase resulting from governmental activities and a \$6,683,764 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 \$47,581,623, a decrease of \$18,358,710 in comparison with the prior year. Approximately 25.5 percent of this total amount, \$12,140,735 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 \$12,140,735, or 20.5 percent of the total General Fund expenditures.
- The City had \$210.4 million in bonds and notes outstanding versus \$213.5 million last year, a decrease of \$3.1 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 storm water 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, Installment Purchase Revenue Bond Capital Projects Fund and American Rescue Plan Act 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 storm water 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 storm water operations. The Water and Sewer Fund is a major fund of the City and the Storm Water 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 pages 48-49 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 50-89 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 104-151 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 \$202,814,461 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (87.0% 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, \$18,250,106, 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 Governmental Accounting Standards Board (GASB) Statements 68 and 75 requiring the City to accrue net pension liabilities and Other Post-Employment Benefits (OPEB) liabilities in accordance with Generally Accepted Accounting Principles (GAAP).

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 61,908,166	\$ 78,618,795	\$ 70,817,165	\$ 60,727,146	\$ 132,725,331	\$ 139,345,941
Capital assets	121,229,741	106,911,529	236,993,498	238,913,335	358,223,239	345,824,864
Total assets	<u>183,137,907</u>	<u>185,530,324</u>	<u>307,810,663</u>	<u>299,640,481</u>	<u>490,948,570</u>	<u>485,170,805</u>
Deferred Outflows	7,844,300	7,751,519	2,275,567	2,585,694	10,119,867	10,337,213
Long-term liabilities	129,766,346	138,706,202	141,249,604	142,104,381	271,015,950	280,810,583
Other liabilities	14,564,068	7,712,670	3,298,031	3,795,279	17,862,099	11,507,949
Total liabilities	<u>144,330,414</u>	<u>146,418,872</u>	<u>144,547,635</u>	<u>145,899,660</u>	<u>288,878,049</u>	<u>292,318,532</u>
Deferred Inflows	7,304,816	1,436,575	2,071,111	347,044	9,375,927	1,783,619
Net Position:						
Net investment in capital assets	59,062,787	55,591,432	117,455,280	106,120,448	176,518,067	161,711,880
Restricted	3,617,271	3,410,355	4,429,017	4,599,746	8,046,288	8,010,101
Unrestricted	(23,333,081)	(13,575,391)	41,583,187	45,259,277	18,250,106	31,683,886
Total net position	<u>\$ 39,346,977</u>	<u>\$ 45,426,396</u>	<u>\$ 163,467,484</u>	<u>\$ 155,979,471</u>	<u>\$ 202,814,461</u>	<u>\$ 201,405,867</u>

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 18,794,231	\$ 18,324,617	\$ 42,633,111	\$ 42,787,365	\$ 61,427,342	\$ 61,111,982
Operating grants and contributions	4,427,069	4,413,900	-	-	4,427,069	4,413,900
Capital grants and contributions	-	1,417,451	-	3,338,645	-	4,756,096
General Revenues:						
Property taxes	12,429,234	11,655,963	-	-	12,429,234	11,655,963
Hospitality fees	5,351,385	4,722,870	-	-	5,351,385	4,722,870
Grants and contributions not restricted to specific programs	8,233,104	4,982,456	-	-	8,233,104	4,982,456
Other	9,169,442	7,607,086	855,132	1,444,059	10,024,574	9,051,145
Total Revenues	<u>58,404,465</u>	<u>53,124,343</u>	<u>43,488,243</u>	<u>47,570,069</u>	<u>101,892,708</u>	<u>100,694,412</u>

City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2022	2021	2022	2021	2022	2021
Expenses:						
General Government	12,934,543	10,195,496	-	-	12,934,543	10,195,496
Public Safety	17,557,569	17,323,051	-	-	17,557,569	17,323,051
Public Works	8,070,452	7,864,732	-	-	8,070,452	7,864,732
Culture and Recreation	3,669,105	3,707,902	-	-	3,669,105	3,707,902
Community Development	11,698,721	7,960,433	-	-	11,698,721	7,960,433
Interest on long-term debt	2,759,494	2,285,807	-	-	2,759,494	2,285,807
Water and Sewer	-	-	37,325,457	32,077,774	37,325,457	32,077,774
Stormwater	-	-	994,108	1,061,422	994,108	1,061,422
Total Expenses	<u>56,689,884</u>	<u>49,337,421</u>	<u>38,319,565</u>	<u>33,139,196</u>	<u>95,009,449</u>	<u>82,476,617</u>
Increase (decrease) in net position before transfers	1,714,581	3,786,922	5,168,678	14,430,873	6,883,259	18,217,795
Transfers	<u>(1,515,086)</u>	<u>4,080,000</u>	<u>1,515,086</u>	<u>(4,080,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	199,495	7,866,922	6,683,764	10,350,873	6,883,259	18,217,795
Net position - beginning, as restated	<u>39,147,482</u>	<u>37,559,474</u>	<u>156,783,720</u>	<u>145,628,598</u>	<u>195,931,202</u>	<u>183,188,072</u>
Net position - ending	<u>\$ 39,346,977</u>	<u>\$ 45,426,396</u>	<u>\$ 163,467,484</u>	<u>\$ 155,979,471</u>	<u>\$ 202,814,461</u>	<u>\$ 201,405,867</u>

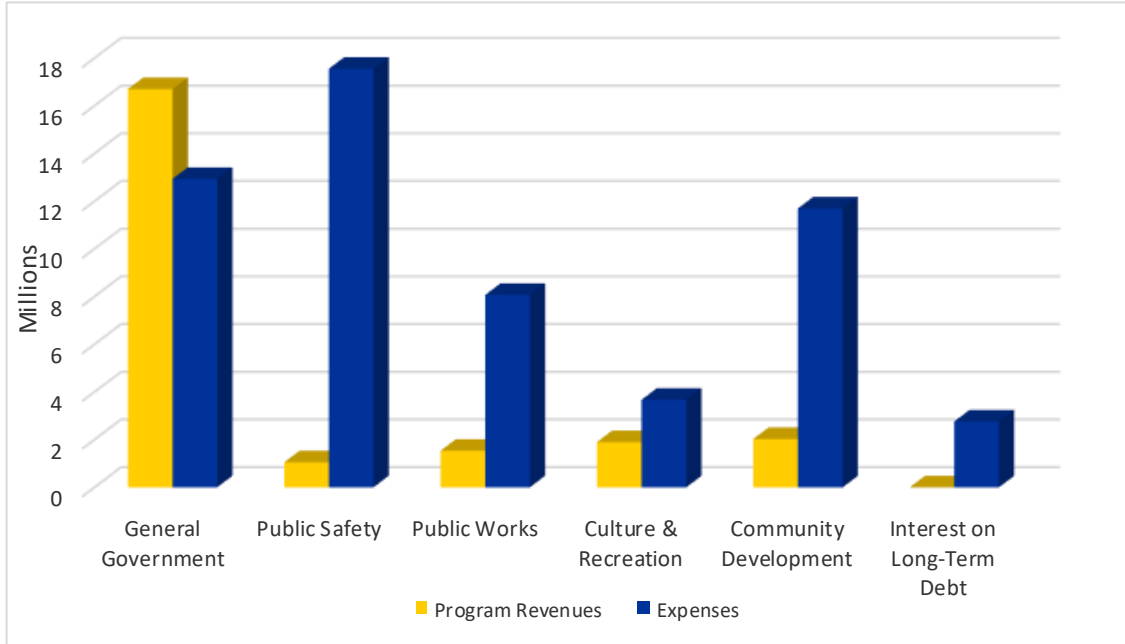
Governmental activities. Governmental activities increased the City's net position by \$199,495.

In November 2020, 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 2021. The City was allocated \$40,000,000 for projects within the city limits. The revenues generated by "Capital Project Sales Tax III" program provided 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. During the current fiscal year, Florence County reimbursed the City \$2,279,360 for capital sales tax projects that are currently under construction within the City.

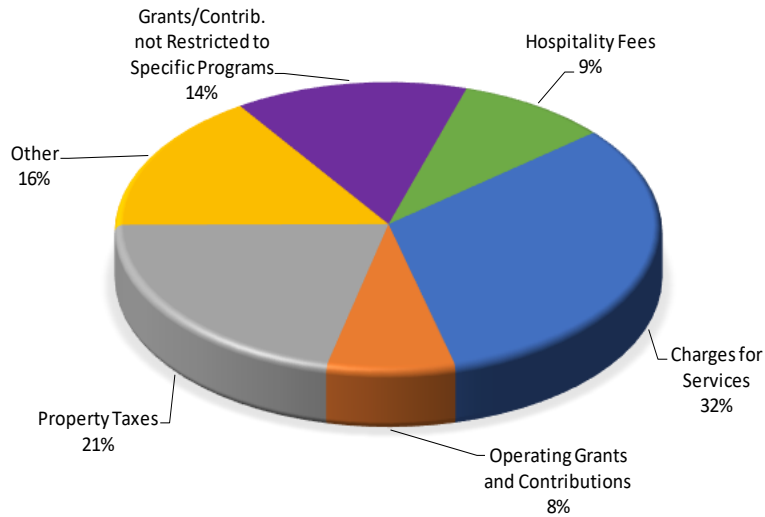
On November 15, 2017, the City closed on a \$15 million Installment Purchase Revenue Bond (IPRB), Series 2017, to finance certain recreation related improvements. The IPRB is a 15-year issue with an interest rate of 2.99% that will mature November 1, 2032. The recreation improvements include construction 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. On September 9, 2020, the City, through the Public Facilities Corporation, issued \$26,365,000 Installment Purchase Revenue Bonds (IPRB). The bonds are being used to refund the 2017 Installment Purchase Bond, construct an Athletic Complex to include a collegiate level baseball stadium, refurbish an abandoned downtown theater, and construct a parking garage as part of an economic development project. The IPRB will mature in November 2045. During the current fiscal year, the City expended \$14,117,883 on the athletic complex and has spent \$23,046,166 to date on the project.

On October 21, 2021, the City entered into an equipment lease purchase agreement in the amount of \$2,875,000. The equipment consists of all lighting equipment and associated collateral, bleachers, tractors and other equipment for the City's new athletic sports complex. During the current fiscal year, the City expended \$2,630,509 on related equipment.

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

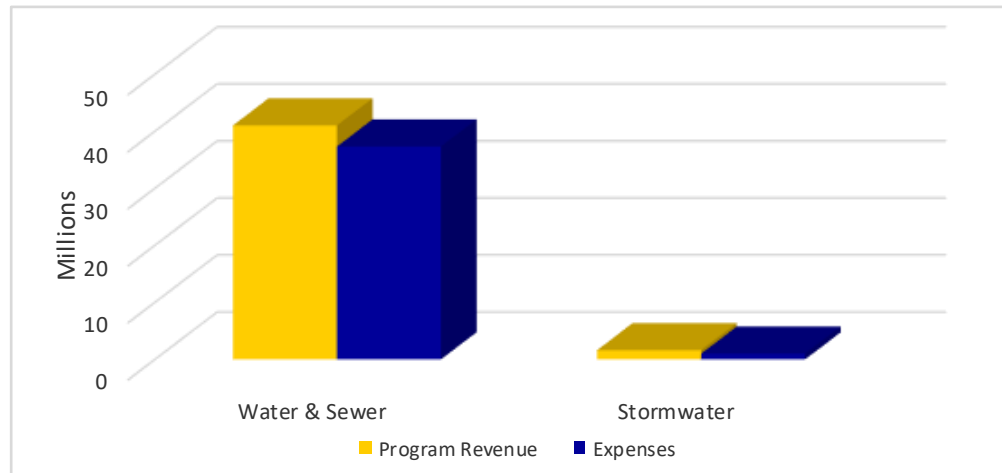


Business-type activities. Business-type activities increased the City's net position by \$6,683,764, accounting for 97.1 percent of the total growth in the City's net position. Key elements of this increase are as follows:

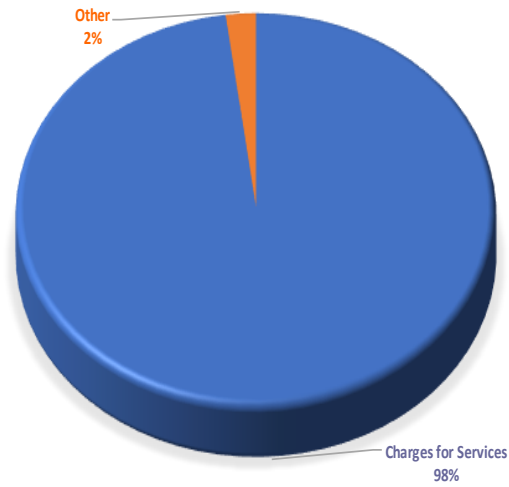
Capital Water and Sewer Projects – In the fiscal year ended June 30, 2022, the City spent \$10,859,501 for capital projects in the Water and Sewer Fund. During the year, the City capitalized 7 projects totaling \$6,445,630 that were previously recorded as Construction-in-Progress and completed this year.

Stormwater Projects – In July 2020, the City issued \$7 million in Storm Water Revenue Bonds to complete certain identified projects. The City has applied for grant funding to study the current and future storm water needs. During the year ending June 30, 2022, the City began preliminary engineering and design for related stormwater improvement projects.

Expenses and Program Revenues – 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 \$47,581,623, a decrease of \$18,358,710 in comparison with the prior year, as restated. Detailed information is presented later in the MD&A. Approximately 25.5 percent of this total amount or \$12,140,735 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: \$781,598; 2) restricted for particular purposes: \$27,084,463; 3) committed for particular purposes: \$1,931,919; or 4) assigned for particular purposes: \$5,642,908. 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 \$12,140,735, while total fund balance was \$21,330,136. 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 20.5 percent of total General Fund expenditures, while total fund balance represents 36.0 percent of that same amount.

During the current fiscal year, the City's fund balance of the General Fund decreased by \$29,921,938. This amount represents a 58.4% decrease. The City continued to delay purchases until FY 2022-23 due to the uncertainty of certain revenues collected at the end of the fiscal year. There are also an increased number of position vacancies and the City has been experiencing difficulties in finding qualified people to fill the positions.

The Hospitality Fund has a total fund balance of \$2,570,725, an increase of 41.7%.

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. As of June 30, 2022, the TIF Debt Service Fund has \$0 fund balance.

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 4.0 mills. The entire fund balance of \$924,640 is restricted 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 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.

The City received \$7,943,151 in federal grant funds from the American Rescue Plan Act (ARPA). During the current year, the City incurred expenditures and recognized revenues in the amount of \$1,283,662. The remaining funds of \$6,659,489 have been deferred at year end.

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 storm water operations at the end of the fiscal year amounted to \$41,583,187. The total growth in the net position was \$6,683,764. 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 \$5,670,260 greater than the original budget of \$41,091,000. City Council amended the General Fund budget three times during the fiscal year that ended June 30, 2022. The first amendment increases From Unappropriated Reserve revenue by \$623,160 to fund "early purchases", funds that were requested in the FY 2021-22 budget but paid from the FY 2020-21 increase in Fund Balance. The second amendment increased From Unappropriated Reserve revenues by \$4,330,100 for the re-appropriation of funds to fund projects and purchase equipment budgeted in FY 2020-21 but deferred until FY 2021-22. The third amendment was to appropriate funding for corridor improvements from funds received from two local private foundations in the amount of \$717,000.

Original Budget vs Final Budget Variances

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Property Tax	\$ 11,330,600	\$ 11,524,600	\$ 194,000	1.71%
Licenses, Permits and Fees	14,380,000	14,725,000	345,000	2.40%
Governmental Reimbursements	5,506,200	6,519,200	1,013,000	18.40%
Permits and Fees	2,758,000	2,696,000	(62,000)	-2.25%
Fines and Forfeitures	329,000	251,500	(77,500)	-23.56%
Interest Revenue	100,000	1,000	(99,000)	-99.00%
Miscellaneous Revenue	525,800	479,000	(46,800)	-8.90%
Other Funding Sources	17,000	20,000	3,000	17.65%
Expenditures				
City Council	\$ 322,450	\$ 325,560	\$ 3,110	0.96%
Legal Services	157,030	155,540	(1,490)	-0.95%
City Court	608,180	587,720	(20,460)	-3.36%
City Manager	836,910	1,045,780	208,870	24.96%
Finance and Accounting	1,080,470	1,066,440	(14,030)	-1.30%
Human Resources	570,150	564,370	(5,780)	-1.01%
Community Services	481,410	453,670	(27,740)	-5.76%
Police	10,393,550	10,313,680	(79,870)	-0.77%
Fire	7,214,220	7,377,560	163,340	2.26%
Beautification and Facilities	3,503,810	3,618,290	114,480	3.27%
Sanitation	3,985,410	4,625,590	640,180	16.06%
Equipment Maintenance	592,540	607,850	15,310	2.58%
Recreation Services/Sports Tourism	1,363,430	1,431,240	67,810	4.97%
Athletic Programs	2,111,070	3,172,910	1,061,840	50.30%
Planning Research and Development	543,600	835,350	291,750	53.67%
Building Inspections and Permits	528,950	497,180	(31,770)	-6.01%
Debt Service	2,274,800	2,400,500	125,700	5.53%
Other Employee Benefits	820,400	813,400	(7,000)	-0.85%
General Insurance/Claims	778,000	828,000	50,000	6.43%
Community Programs	371,000	371,000	-	0.00%
Non-Departmental	2,487,400	5,611,410	3,124,010	125.59%

Significant Variances – Budget to Actual

Listed below are the significant variances between the final revised budget and actual amount received/expended during FY 2021-22.

For FY 2021-22 Business License revenues were higher than budgeted mostly due to continued collection of licenses for rental properties that the City was not previously collecting. Also, collections were significantly greater than expected for insurance licenses.

Intergovernmental revenues were below budgeted amounts mainly due to prior years collected revenues that should have been remitted to Florence County. During FY 2021-2022, the City was made aware of revenues previously collected from the South Carolina Department of Revenue for Heavy Equipment Surcharges that should have been remitted to Florence County in the amount of \$1,207,866.

The Police Department personnel costs were lower than budgeted because the City was unable to fill vacant positions even while more police officers retired or resigned. The Finance Department also had vacant positions resulting in actual expenditures being below budget for FY 2021-22. Public Works Department expenditures were below budget mainly due to delayed capital outlay expenditures. Due to supply chain disruptions from Covid-19, there are ongoing issues with purchasing machinery and equipment.

These projects will be re-appropriated in future years. The most significant variances in the non-departmental expenditures were related to capital outlay for the two new fire stations, the continued construction of the new athletic complex and the transfer of property to Francis Marion University.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Business License	\$ 14,725,000	\$ 15,866,364	\$ 1,141,364	7.75%
Intergovernmental	6,519,200	5,020,798	(1,498,402)	-22.98%
Miscellaneous	500,000	8,632,453	8,132,453	1626.49%
Expenditures				
Police Department	\$ 10,313,680	\$ 9,580,857	\$ (732,823)	-7.11%
Finance Department	1,066,440	949,673	(116,767)	-10.95%
Public Works	8,851,730	7,918,615	(933,115)	-10.54%
Non-Departmental	7,623,810	23,628,929	16,005,119	209.94%

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, 2022, amounts to \$358,223,239 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was \$12,398,375 (a 13.4 percent increase for governmental activities and an 0.80 percent decrease for business-type activities).

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

In FY 2021-22, the City constructed two new fire stations. This brings the number of City of Florence fire stations to six.

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 provide 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, 2022, the City has expended \$20,101,495 in Capital Sales Tax II Funds.

In November 2020, 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 2021. The revenues generated by the "Capital Project Sales Tax III" program provide 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 February 2021, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$120 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, 2021 and will continue to collect the tax until April 30, 2028. The City was allocated \$40,000,000 for the following projects within the city limits:

- Intersection Improvements \$ 4,100,000
- Resurfacing 35,900,000

As of June 30, 2022, the City has expended \$1,684,427 in Capital Sales Tax III funds.

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

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 18,620,598	\$ 18,707,549	\$ 1,670,030	\$ 1,670,030	\$ 20,290,628	\$ 20,377,579
Buildings and Systems	36,155,807	34,995,694	217,807,978	221,262,258	253,963,785	256,257,952
Infrastructure	37,392,113	35,457,225	-	-	37,392,113	35,457,225
Machinery and Equipment	9,122,341	7,344,883	8,730,458	4,097,005	17,852,799	11,441,888
Construction in Process	19,938,882	10,406,178	8,785,032	11,884,042	28,723,914	22,290,220
Totals	\$ 121,229,741	\$ 106,911,529	\$236,993,498	\$ 238,913,335	\$ 358,223,239	\$ 345,824,864

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 \$7,906,000 which is backed by the full faith and credit of the City, and other bonds outstanding of \$185,200,731, which are backed by specified revenue sources; the remaining \$24,348,758 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 7,906,000	\$ 8,487,000	\$ -	\$ -	\$ 7,906,000	\$ 8,487,000
Revenue Bonds	77,229,380	79,623,483	107,971,351	106,955,213	185,200,731	186,578,696
Notes Payable	155,000	220,000	17,155,629	18,208,157	17,310,629	18,428,157
Capital Leases	5,157,293	4,759,539	1,880,836	-	7,038,129	4,759,539
Totals	\$ 90,447,673	\$ 93,090,022	\$ 127,007,816	\$ 125,163,370	\$ 217,455,489	\$ 218,253,392

The City's total debt decreased by \$797,903 (0.04 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 \$15,037,813 exceeds the City's outstanding general obligation debt (net of amount available in the debt service fund) of \$6,990,938 by \$8,046,875.

Additional information on the City's long-term debt can be found in note IV. E and F beginning on page 68 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 2023 fiscal year:

- Amounts available in FY 2022-23 for appropriation in the General Fund are for \$44,910,000, a decrease of 4.0% from the FY 2021-22 final revised budget of \$46,761,260. The City's budget amendments were reviewed earlier in this report.
- In FY 2022-23 the City's total millage rate remained 63.1 mills. The total millage includes 59.1 operating mills and 4.0

debt service mills.

- The City's FY 2022-23 budget projections include the City's estimates that may have a continued effect due to the COVID-19 pandemic due to supply chain issues.

As for the City's business-type activities, we expect that the 2023 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 began a 5-year process to replace the approximately 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 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,306,509	\$ 10,847,244	\$ 26,153,753
Receivables	5,442,449	6,867,629	12,310,078
Internal balances	422,812	(422,812)	-
Inventories	781,598	2,296,730	3,078,328
Investments	21,987,466	46,699,216	68,686,682
Prepaid expenses	-	1,000	1,000
Restricted cash and cash equivalents	11,675,499	4,528,158	16,203,657
Restricted investments	6,291,833	-	6,291,833
Capital assets not being depreciated:			
Land	18,620,598	1,670,030	20,290,628
Construction in progress	19,938,882	8,785,032	28,723,914
Capital assets net of accumulated depreciation:			
Buildings and systems	36,155,807	217,807,978	253,963,785
Machinery and equipment	9,122,341	8,730,458	17,852,799
Infrastructure	37,392,113	-	37,392,113
TOTAL ASSETS	183,137,907	307,810,663	490,948,570
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	6,554,234	1,839,106	8,393,340
Deferred OPEB charges	1,290,066	436,461	1,726,527
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,844,300	2,275,567	10,119,867
LIABILITIES			
Accounts payable	3,824,580	1,750,727	5,575,307
Retainage payable	797,531	82,602	880,133
Accrued interest payable	373,116	1,208,710	1,581,826
Other liabilities	1,282,626	255,992	1,538,618
Unearned revenue	8,286,215	-	8,286,215
Noncurrent liabilities			
Long-term obligations - Due within one year	4,161,723	7,560,157	11,721,880
Due in more than one year -			
Long-term obligations	89,393,443	120,138,180	209,531,623
Net pension liability	28,703,139	10,783,766	39,486,905
Net OPEB liability	7,508,041	2,767,501	10,275,542
TOTAL LIABILITIES	144,330,414	144,547,635	288,878,049
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	6,068,619	1,771,623	7,840,242
Deferred OPEB credits	1,236,197	299,488	1,535,685
TOTAL DEFERRED INFLOWS OF RESOURCES	7,304,816	2,071,111	9,375,927
NET POSITION			
Net investment in capital assets	59,062,787	117,455,280	176,518,067
Restricted			
Debt service	924,640	4,429,017	5,353,657
Community development	1,687,684	-	1,687,684
Public safety	739,994	-	739,994
Tourism	264,953	-	264,953
Unrestricted	(23,333,081)	41,583,187	18,250,106
TOTAL NET POSITION	\$ 39,346,977	\$ 163,467,484	\$ 202,814,461

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, 2022

<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	\$ 12,934,543	\$ 15,960,114	\$ 744,392	\$ -
Public safety	17,557,569	780,113	274,997	-
Public works	8,070,452	1,536,532	-	-
Culture and recreation	3,669,105	517,472	1,380,420	-
Community development	11,698,721	-	2,027,260	-
Interest on long-term debt	2,759,494	-	-	-
Total governmental activities	<u>56,689,884</u>	<u>18,794,231</u>	<u>4,427,069</u>	<u>-</u>
Business-type activities:				
Water and sewer	37,325,457	41,019,457	-	-
Stormwater	994,108	1,613,654	-	-
Total business-type activities	<u>38,319,565</u>	<u>42,633,111</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 95,009,449</u>	<u>\$ 61,427,342</u>	<u>\$ 4,427,069</u>	<u>\$ -</u>

General Revenues:

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

Transfers

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 3,769,963	\$ -	\$ 3,769,963
(16,502,459)	-	(16,502,459)
(6,533,920)	-	(6,533,920)
(1,771,213)	-	(1,771,213)
(9,671,461)	-	(9,671,461)
<u>(2,759,494)</u>	<u>-</u>	<u>(2,759,494)</u>
<u>(33,468,584)</u>	<u>-</u>	<u>(33,468,584)</u>
-	3,694,000	3,694,000
-	619,546	619,546
<u>-</u>	<u>4,313,546</u>	<u>4,313,546</u>
<u>(33,468,584)</u>	<u>4,313,546</u>	<u>(29,155,038)</u>
12,429,234	-	12,429,234
5,351,385	-	5,351,385
8,233,104	-	8,233,104
(48,560)	(43,469)	(92,029)
9,552,570	898,601	10,451,171
(334,568)	-	(334,568)
<u>(1,515,086)</u>	<u>1,515,086</u>	<u>-</u>
<u>33,668,079</u>	<u>2,370,218</u>	<u>36,038,297</u>
199,495	6,683,764	6,883,259
<u>39,147,482</u>	<u>156,783,720</u>	<u>195,931,202</u>
<u>\$ 39,346,977</u>	<u>\$ 163,467,484</u>	<u>\$ 202,814,461</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, 2022

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,376,891	\$ 3,517,261	\$ -	\$ 4,159,591	\$ 4,252,766	\$ 15,306,509
Receivables						
Property taxes, less allowance for doubtful accounts	302,115	-	-	-	1,723,433	2,025,548
Due from other governmental agencies	2,517,424	-	-	-	434,754	2,952,178
Other	9,863	439,972	-	-	14,888	464,723
Due from other funds	1,426,117	-	-	-	283,775	1,709,892
Investments	18,831,181	-	-	2,508,736	647,549	21,987,466
Inventories	180,785	-	-	-	600,813	781,598
Restricted cash and cash equivalents	-	140,837	11,534,623	-	39	11,675,499
Restricted investments	-	-	5,495,634	-	796,199	6,291,833
TOTAL ASSETS	<u>\$ 26,644,376</u>	<u>\$ 4,098,070</u>	<u>\$ 17,030,257</u>	<u>\$ 6,668,327</u>	<u>\$ 8,754,216</u>	<u>\$ 63,195,246</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,835,954	\$ 1,527,345	\$ -	\$ -	\$ 461,281	\$ 3,824,580
Retainage payable	613,464	-	-	-	184,067	797,531
Due to other funds	-	-	-	-	1,287,080	1,287,080
Other liabilities	1,282,626	-	-	-	-	1,282,626
Unearned revenue	1,446,605	-	-	6,659,489	180,121	8,286,215
TOTAL LIABILITIES	<u>5,178,649</u>	<u>1,527,345</u>	<u>-</u>	<u>6,659,489</u>	<u>2,112,549</u>	<u>15,478,032</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	135,591	-	-	-	-	135,591
Total deferred inflows of resources	135,591	-	-	-	-	135,591
Fund balances:						
Nonspendable	180,785	-	-	-	600,813	781,598
Restricted	3,365,708	2,570,725	17,030,257	8,838	4,108,935	27,084,463
Committed	-	-	-	-	1,931,919	1,931,919
Assigned	5,642,908	-	-	-	-	5,642,908
Unassigned	12,140,735	-	-	-	-	12,140,735
TOTAL FUND BALANCES	<u>21,330,136</u>	<u>2,570,725</u>	<u>17,030,257</u>	<u>8,838</u>	<u>6,641,667</u>	<u>47,581,623</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,644,376</u>	<u>\$ 4,098,070</u>	<u>\$ 17,030,257</u>	<u>\$ 6,668,327</u>	<u>\$ 8,754,216</u>	<u>\$ 63,195,246</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, 2022

Total fund balances for governmental funds	\$ 47,581,623
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 (\$168,986,938) less accumulated depreciation (\$47,757,197).	121,229,741
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.	(28,217,524)
Other long-term liabilities are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	135,591
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(101,382,454)</u>
Net position of governmental activities	<u>\$ 39,346,977</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, 2022

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property taxes	\$ 11,830,538	\$ -	\$ -		\$ 710,739	\$ 12,541,277
Licenses, permits and fees	15,866,364	5,351,385	-	-	2,753,157	23,970,906
Intergovernmental	5,020,798	-	-	1,283,662	2,337,502	8,641,962
Charges for services	3,170,772	-	-	-	124,615	3,295,387
Fines and forfeitures	230,050	-	-	-	-	230,050
Investment earnings (losses)	(27,399)	702	(19,220)	8,606	(11,249)	(48,560)
Miscellaneous	8,659,852	-	-	-	1,321,769	9,981,621
TOTAL REVENUES	<u>44,750,975</u>	<u>5,352,087</u>	<u>(19,220)</u>	<u>1,292,268</u>	<u>7,236,533</u>	<u>58,612,643</u>
Expenditures						
Current:						
General government	9,350,314	1,694,345	-	984,181	-	12,028,840
Public safety	15,898,182	-	-	-	244,478	16,142,660
Public works	7,371,799	-	-	-	-	7,371,799
Culture and recreation	3,131,383	-	-	-	209,884	3,341,267
Community development	-	-	8,245,428	296,981	2,590,465	11,132,874
Debt service:						
Principal	1,888,065	766,000	-	-	833,289	3,487,354
Interest	1,497,992	613,942	-	-	647,560	2,759,494
Capital outlay	20,062,136	-	-	2,500	2,315,539	22,380,175
TOTAL EXPENDITURES	<u>59,199,871</u>	<u>3,074,287</u>	<u>8,245,428</u>	<u>1,283,662</u>	<u>6,841,215</u>	<u>78,644,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,448,896)</u>	<u>2,277,800</u>	<u>(8,264,648)</u>	<u>8,606</u>	<u>395,318</u>	<u>(20,031,820)</u>
Other Financing Sources (Uses)						
Capital leases	2,875,000	-	-	-	-	2,875,000
Proceeds from sale of property	74,585	-	-	-	-	74,585
Insurance proceeds	238,611	-	-	-	-	238,611
Transfers in	-	-	18,496,623	-	495,708	18,992,331
Transfers out	(18,661,238)	(1,521,700)	-	-	(324,479)	(20,507,417)
NET OTHER FINANCING SOURCES (USES)	<u>(15,473,042)</u>	<u>(1,521,700)</u>	<u>18,496,623</u>	<u>-</u>	<u>171,229</u>	<u>1,673,110</u>
NET CHANGES IN FUND BALANCES	<u>(29,921,938)</u>	<u>756,100</u>	<u>10,231,975</u>	<u>8,606</u>	<u>566,547</u>	<u>(18,358,710)</u>
Fund balances at beginning of year, as restated	<u>51,252,074</u>	<u>1,814,625</u>	<u>6,798,282</u>	<u>232</u>	<u>6,075,120</u>	<u>65,940,333</u>
FUND BALANCES AT END OF YEAR	<u>\$ 21,330,136</u>	<u>\$ 2,570,725</u>	<u>\$ 17,030,257</u>	<u>\$ 8,838</u>	<u>\$ 6,641,667</u>	<u>\$ 47,581,623</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, 2022

Net change in fund balances-total governmental funds \$ (18,358,710)

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 (\$22,380,175) exceeded depreciation (\$4,818,567) in the current period. 17,561,608

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. (409,153)

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. 112,043

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. 612,354

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. 390,850

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. 290,503

Change in net position of governmental activities \$ 199,495

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 Balance
Budget and Actual
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 11,330,600	\$ 11,524,600	\$ 11,830,538	\$ 305,938
Licenses, permits and fees	14,380,000	14,725,000	15,866,364	1,141,364
Intergovernmental	5,506,200	6,519,200	5,020,798	(1,498,402)
Charges for services	2,758,000	2,696,000	3,170,772	474,772
Fines and forfeitures	329,000	251,500	230,050	(21,450)
Investment earnings	100,000	1,000	(27,399)	(28,399)
Miscellaneous	542,800	499,000	8,659,852	8,160,852
TOTAL REVENUES	<u>34,946,600</u>	<u>36,216,300</u>	<u>44,750,975</u>	<u>8,534,675</u>
Expenditures				
Current:				
General government	9,235,950	11,296,160	9,350,314	1,945,846
Public safety	17,592,270	16,927,170	15,898,182	1,028,988
Public works	8,016,760	8,022,630	7,371,799	650,831
Culture and recreation	3,409,500	4,925,850	3,131,383	1,794,467
Debt service:				
Principal	2,274,800	2,400,500	1,888,065	512,435
Interest	-	-	1,497,992	(1,497,992)
Capital outlay	495,500	3,130,730	20,062,136	(16,931,406)
TOTAL EXPENDITURES	<u>41,024,780</u>	<u>46,703,040</u>	<u>59,199,871</u>	<u>(12,496,831)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(6,078,180)</u>	<u>(10,486,740)</u>	<u>(14,448,896)</u>	<u>(3,962,156)</u>
Other Financing Sources				
Capital leases	-	-	2,875,000	2,875,000
Proceeds from sale of property	-	-	74,585	74,585
Insurance proceeds	165,000	15,000	238,611	223,611
Transfers in (out)	5,921,180	5,911,180	(18,661,238)	(24,572,418)
Appropriation of fund balance	-	4,560,560	-	(4,560,560)
NET OTHER FINANCING SOURCES	<u>6,086,180</u>	<u>10,486,740</u>	<u>(15,473,042)</u>	<u>(25,959,782)</u>
NET CHANGE IN FUND BALANCE	8,000	-	(29,921,938)	(29,921,938)
Fund balance at beginning of year, as restated	51,252,074	51,252,074	51,252,074	-
FUND BALANCE AT END OF YEAR	<u>\$ 51,260,074</u>	<u>\$ 51,252,074</u>	<u>\$ 21,330,136</u>	<u>\$ (29,921,938)</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 Balance
Budget and Actual
Hospitality Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses, permits and fees	\$ 4,647,000	\$ 4,647,000	\$ 5,351,385	\$ 704,385
Investment earnings	500	500	702	202
TOTAL REVENUES	<u>4,647,500</u>	<u>4,647,500</u>	<u>5,352,087</u>	<u>704,587</u>
Expenditures				
Current:				
General government	1,745,850	1,745,850	1,694,345	51,505
Debt service:				
Principal	1,379,950	1,379,950	766,000	613,950
Interest	-	-	613,942	(613,942)
TOTAL EXPENDITURES	<u>3,125,800</u>	<u>3,125,800</u>	<u>3,074,287</u>	<u>51,513</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,521,700</u>	<u>1,521,700</u>	<u>2,277,800</u>	<u>756,100</u>
Other Financing Uses				
Transfers out	<u>(1,521,700)</u>	<u>(1,521,700)</u>	<u>(1,521,700)</u>	<u>-</u>
NET OTHER FINANCING USES	<u>(1,521,700)</u>	<u>(1,521,700)</u>	<u>(1,521,700)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	756,100	756,100
Fund balance at beginning of year	<u>1,814,625</u>	<u>1,814,625</u>	<u>1,814,625</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,814,625</u>	<u>\$ 1,814,625</u>	<u>\$ 2,570,725</u>	<u>\$ 756,100</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, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Utility Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,041,616	\$ 2,805,628	\$ 10,847,244
Accounts receivable, net	6,639,804	227,825	6,867,629
Investments	40,083,556	6,615,660	46,699,216
Prepaid expenses	-	1,000	1,000
Inventories	2,296,730	-	2,296,730
Restricted cash and cash equivalents	4,473,686	54,472	4,528,158
Total current assets	<u>61,535,392</u>	<u>9,704,585</u>	<u>71,239,977</u>
Noncurrent assets:			
Capital assets			
Land	1,407,334	262,696	1,670,030
Buildings and system	333,199,593	8,133,222	341,332,815
Construction in progress	8,618,167	166,865	8,785,032
Machinery and equipment	15,808,393	1,753,027	17,561,420
Less accumulated depreciation	<u>(124,748,553)</u>	<u>(7,607,246)</u>	<u>(132,355,799)</u>
Total capital assets (net of accumulated depreciation)	<u>234,284,934</u>	<u>2,708,564</u>	<u>236,993,498</u>
Total noncurrent assets	<u>234,284,934</u>	<u>2,708,564</u>	<u>236,993,498</u>
TOTAL ASSETS	<u>295,820,326</u>	<u>12,413,149</u>	<u>308,233,475</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	1,736,240	102,866	1,839,106
Deferred OPEB charges	412,030	24,431	436,461
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,148,270</u>	<u>127,297</u>	<u>2,275,567</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,606,460	144,267	1,750,727
Retainage payable	82,602	-	82,602
Accrued interest	1,199,673	9,037	1,208,710
Other liabilities	243,511	12,481	255,992
Due to other funds	422,812	-	422,812
Compensated absences - current	144,000	2,700	146,700
Capital leases - current	152,527	-	152,527
Notes payable - current	1,069,236	-	1,069,236
Revenue bonds payable - current	5,714,602	477,092	6,191,694
Total current liabilities	<u>10,635,423</u>	<u>645,577</u>	<u>11,281,000</u>
Noncurrent liabilities:			
Accrued compensated absences	530,216	13,605	543,821
Capital leases	1,728,309	-	1,728,309
Notes payable	16,086,393	-	16,086,393
Revenue bonds payable	95,657,749	6,121,908	101,779,657
Net pension liability	10,142,579	641,187	10,783,766
Net OPEB liability	2,686,915	80,586	2,767,501
Total noncurrent liabilities	<u>126,832,161</u>	<u>6,857,286</u>	<u>133,689,447</u>
TOTAL LIABILITIES	<u>137,467,584</u>	<u>7,502,863</u>	<u>144,970,447</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	1,666,285	105,338	1,771,623
Deferred OPEB credits	264,129	35,359	299,488
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,930,414</u>	<u>140,697</u>	<u>2,071,111</u>
NET POSITION			
Net investment in capital assets	114,441,563	3,013,717	117,455,280
Restricted for debt service	4,429,017	-	4,429,017
Unrestricted	39,700,018	1,883,169	41,583,187
TOTAL NET POSITION	<u>\$ 158,570,598</u>	<u>\$ 4,896,886</u>	<u>\$ 163,467,484</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, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Utility Fund	
Operating Revenues			
Current use charges	\$ 39,750,584	\$ -	\$ 39,750,584
Miscellaneous	809,686	88,915	898,601
Water and sewer tap fees	1,268,873	-	1,268,873
Storm water service fees	-	1,613,654	1,613,654
Total operating revenues	<u>41,829,143</u>	<u>1,702,569</u>	<u>43,531,712</u>
Operating Expenses			
Personnel	5,545,951	320,047	5,865,998
Employee benefits	2,113,078	144,467	2,257,545
Purchased services	6,794,586	218,013	7,012,599
Supplies and materials	1,350,046	7,564	1,357,610
Other operating expenses	2,495,388	(84,503)	2,410,885
Depreciation and amortization	9,907,147	206,665	10,113,812
Total operating expenses	<u>28,206,196</u>	<u>812,253</u>	<u>29,018,449</u>
Operating Income	<u>13,622,947</u>	<u>890,316</u>	<u>14,513,263</u>
Nonoperating Revenues (Expenses)			
Investment earnings (losses)	(62,313)	18,844	(43,469)
Economic development	(6,538,323)	-	(6,538,323)
Miscellaneous revenues	69,959	-	69,959
Intergovernmental revenues	384,702	-	384,702
Gain on disposal of assets	19,039	-	19,039
Interest expense	(3,054,638)	(181,855)	(3,236,493)
Total nonoperating revenues (expenses)	<u>(9,181,574)</u>	<u>(163,011)</u>	<u>(9,344,585)</u>
Income Before Transfers	<u>4,441,373</u>	<u>727,305</u>	<u>5,168,678</u>
Transfers			
Transfers in (out)	<u>1,567,323</u>	<u>(52,237)</u>	<u>1,515,086</u>
Total transfers	<u>1,567,323</u>	<u>(52,237)</u>	<u>1,515,086</u>
Changes in Net Position	6,008,696	675,068	6,683,764
Net position at beginning of year, as restated	<u>152,561,902</u>	<u>4,221,818</u>	<u>156,783,720</u>
NET POSITION AT END OF YEAR	<u>\$ 158,570,598</u>	<u>\$ 4,896,886</u>	<u>\$ 163,467,484</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, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Utility Fund	
Cash flows from operating activities			
Receipts from customers and users	\$ 42,491,274	\$ 1,586,809	\$ 44,078,083
Payments to employees for services	(5,496,635)	(334,593)	(5,831,228)
Payments to suppliers for goods and services	(14,266,656)	(509,661)	(14,776,317)
Other receipts	879,645	88,915	968,560
Net cash provided by operating activities	23,607,628	831,470	24,439,098
Cash flows from noncapital financing activities			
Transfers in (out)	1,567,323	(52,237)	1,515,086
Net cash provided by (used in) noncapital financing activities	1,567,323	(52,237)	1,515,086
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(10,859,502)	(187,757)	(11,047,259)
Proceeds from sale of capital assets	19,039	-	19,039
Principal payments on revenue bonds and notes	(6,784,549)	(401,000)	(7,185,549)
Proceeds from issuance of bonds and notes	-	7,000,000	7,000,000
Interest on bonds and notes	(2,973,263)	(172,818)	(3,146,081)
Net cash provided by (used in) capital and related financing activities	(20,598,275)	6,238,425	(14,359,850)
Cash flows from investing activities			
Investment purchases	(1,618,103)	(6,024,993)	(7,643,096)
Investment income	(62,313)	18,844	(43,469)
Net cash used in investing activities	(1,680,416)	(6,006,149)	(7,686,565)
Net increase in cash and cash equivalents	2,896,260	1,011,509	3,907,769
Cash and cash equivalents at beginning of year	9,619,042	1,848,591	11,467,633
Cash and cash equivalents at end of year	\$ 12,515,302	\$ 2,860,100	\$ 15,375,402
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 8,041,616	\$ 2,805,628	\$ 10,847,244
Restricted cash and cash equivalents	4,473,686	54,472	4,528,158
Total cash and cash equivalents	\$ 12,515,302	\$ 2,860,100	\$ 15,375,402

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 13,622,947	\$ 890,316	\$ 14,513,263
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,907,147	206,665	10,113,812
Non-cash pension expense	(458,511)	(108,566)	(567,077)
Increase in:			
Receivables	1,471,817	(26,845)	1,444,972
Inventories	(857,411)	-	(857,411)
Increase (decrease) in:			
Accounts payable	(592,891)	(115,554)	(708,445)
Retainage payable	42,402	-	42,402
Accrued expenses	76,303	2,080	78,383
Due to other fund	422,812	-	422,812
Compensated absences	(26,987)	(16,626)	(43,613)
Net cash provided by operating activities	<u>\$ 23,607,628</u>	<u>\$ 831,470</u>	<u>\$ 24,439,098</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
Fiduciary Funds
June 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 364,994
Investments	<u>214,650</u>
Total assets	<u>579,644</u>
LIABILITIES	
Accounts payable	<u>1,551</u>
Total liabilities	<u>1,551</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>578,093</u>
Total net position	<u><u>\$ 578,093</u></u>

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

City of Florence, South Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2022

	Custodial Funds
Additions	
Investment earnings (losses)	\$ (3,505)
Program revenue-intergovernmental	<u>90,523</u>
Total additions	<u>87,018</u>
Deductions	
Payment of escrow funds	<u>2,789</u>
Total deductions	<u>2,789</u>
Net changes in fund balances	<u>84,229</u>
Net position - beginning	<u>493,864</u>
Net position - ending	<u>\$ 578,093</u>

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, 2022

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, storm water, 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, 2022

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 \$656,016 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2022. 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, 2022

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, Sunday Local Option Revenue Fund, American Rescue Plan Act, Fire Trust, Veterans Park Development, Florence Area Humane Society, Palmetto Pride Grant, Brownsfield Grant, DRO Grant – McQueen & Cedar and Sav-a-lot Construction 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, 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 Storm Water Utility Funds.

Fiduciary Fund Types

Custodial Funds - Custodial Funds are used to account for assets held by the City as a custodian for individuals and other governments. Custodial funds are custodial in nature and do not involve measurement of results of operations. These funds consist of:

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

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

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.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in 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. *American Rescue Plan Act Fund*. This fund is used to account for financial resources to support efforts to fight the pandemic.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Accounting Pronouncements

The GASB has issued the following new statements:

- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2023;
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending June 30, 2023;
- Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No.62 which will be effective for the year ending June 30, 2024; and
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending June 30, 2025.

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 deposit 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 identifiable securities, and is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is determined using the net asset value per share practical expedient. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

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, 2022

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. Right to Use Assets

The City has implemented GASB 87, which requires recording right to use lease assets. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The City did not have any leases meeting the requirements of GASB 87, which were required to be reported on June 30, 2022.

6. 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 and fencing, 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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. 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.

8. 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 \$187.9 million for the 2021 tax year. The City's property tax rate for fiscal year 2022 was 63.1 mils (operating 59.1, debt service 4.0). The City also has a tax increment district. Assessed values for the tax increment district were approximately \$8.9 million for the 2021 tax year. 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.

9. 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. 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.

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.

11. 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 assets 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 assets 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Net Position/Fund Balance

Government-wide Statements

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

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

Fund Statements

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

The classifications are as follows:

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

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Net Position/Fund Balance (Continued)

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

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

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

13. 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.

14. 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.

15. 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, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

16. 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.

17. Tax Abatement Agreements

The City has 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, 2022, the City did not have any such agreements, either entered into by the City or other governments, that exceeded the quantitative threshold for disclosure.

18. 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, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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	\$ (373,116)
Capital leases payable	(5,157,293)
Notes payable	(155,000)
General obligation bonds payable	(7,906,000)
Revenue bonds payable	(77,229,380)
Compensated absences	(3,107,493)
OPEB liability payable	<u>(7,454,172)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (101,382,454)</u>

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 \$112,043 difference are as follows:

Deferred revenue – current year	\$ 135,591
Deferred revenue – prior year	<u>(23,548)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 112,043</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2022

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 (Continued)

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 \$612,354 difference are as follows:

Issuance of debt	\$ (2,875,000)
Payment of long-term debt principal	<u>3,487,354</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 612,354</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 \$290,503 difference are as follows:

Compensated absences – current year	\$ (3,107,493)
Compensated absences – prior year	3,010,017
Accrued interest – current year accrual	(373,116)
Accrued interest – prior year accrual	532,421
Net OPEB liability – current year accrual	<u>228,674</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 290,503</u>

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2022, 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, 2022, the City's bank balance was \$26,944,286, 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 \$11,675,499 at June 30, 2022, in the Governmental Funds is comprised of grant funds and unspent loan proceeds. Restricted cash of \$4,528,158 in the Enterprise Fund includes \$648,046 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

In February 2022, the City awarded its cash management contract to First Citizens Bank for the next five years.

Investments

As of June 30, 2022, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
Trust Real Estate Fund	\$ 689,844	\$ 689,844	\$ -	N/A
US Government Agency Obligations	34,379,627	29,471,307	4,908,320	N/A
South Carolina Local Government Investment Pool	39,909,044	39,909,044	-	N/A
	<u>\$ 74,978,515</u>	<u>\$ 70,070,195</u>	<u>\$ 4,908,320</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, 2022 consist of its investments in fixed income securities and are valued using readily determinable fair 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

A. Deposits and Investments (Continued)

Investments (Continued)

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 in 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 authorize 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.

B. Receivables

Receivables as of June 30, 2022, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities	General	Hospitality	Non-major Governmental Funds	Total Governmental Activities
Taxes	\$ 330,529	\$ -	\$ 1,723,433	\$ 2,053,962
Intergovernmental	2,517,424	-	441,834	2,959,258
Other	<u>9,863</u>	<u>439,972</u>	<u>14,888</u>	<u>464,723</u>
Gross receivables	2,857,816	439,972	2,180,155	5,477,943
Less: Allowance for uncollectibles	<u>(28,414)</u>	<u>-</u>	<u>(7,080)</u>	<u>(35,494)</u>
Total receivables (net)	<u>\$ 2,829,402</u>	<u>\$ 439,972</u>	<u>\$ 2,173,075</u>	<u>\$ 5,442,449</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

B. Receivables (Continued)

Business-Type Activities	Water and Sewer	Storm water Utility	Total Business-type Activities
Accounts receivable	\$ 7,410,678	\$ 245,226	\$ 7,655,904
Gross receivables	7,410,678	245,226	7,655,904
Less: Allowance for uncollectibles	<u>(770,874)</u>	<u>(17,401)</u>	<u>(788,275)</u>
Total receivables (net)	<u>\$ 6,639,804</u>	<u>\$ 227,825</u>	<u>\$ 6,867,629</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, 2022, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 135,591	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	70,596
Local option sales tax receivable	-	1,556,130
American Rescue Plan Act advances	<u>-</u>	<u>6,659,489</u>
	<u>\$ 135,591</u>	<u>\$ 8,286,215</u>

C. Capital Assets

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

	Balances June 30, 2021	Increases	Decreases	Transfers	Balances June 30, 2022
Capital assets not being depreciated:					
Land	\$ 18,707,549	\$ 21,011	\$ 107,962	\$ -	\$ 18,620,598
Construction in progress	<u>10,406,178</u>	<u>19,698,305</u>	<u>169,854</u>	<u>(9,995,747)</u>	<u>19,938,882</u>
Total capital assets not being depreciated	<u>29,113,727</u>	<u>19,719,316</u>	<u>277,816</u>	<u>(9,995,747)</u>	<u>38,559,480</u>
Capital assets being depreciated:					
Buildings	43,269,591	8,856	80,486	1,665,580	44,863,541
Infrastructure	57,349,908	189,006	-	4,155,581	61,694,495
Machinery and equipment	<u>21,789,856</u>	<u>2,462,997</u>	<u>1,059,735</u>	<u>676,304</u>	<u>23,869,422</u>
Total capital assets being depreciated	<u>122,409,355</u>	<u>2,660,859</u>	<u>1,140,221</u>	<u>6,497,465</u>	<u>130,427,458</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

C. Capital Assets (Continued)

	Balances				Balances
	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
Less accumulated depreciation for:					
Buildings	(8,273,897)	(1,112,185)	(14,309)	664,039	(8,707,734)
Infrastructure	(21,892,683)	(2,409,699)	-	-	(24,302,382)
Machinery and equipment	(14,444,973)	(1,296,683)	(994,575)	-	(14,747,081)
Total accumulated depreciation	<u>(44,611,553)</u>	<u>(4,818,567)</u>	<u>(1,008,884)</u>	<u>664,039</u>	<u>(47,757,197)</u>
Total capital assets being depreciated, net	<u>77,797,802</u>	<u>(2,157,708)</u>	<u>131,337</u>	<u>7,161,504</u>	<u>82,670,261</u>
Governmental activities capital assets, net	<u>\$ 106,911,529</u>	<u>\$ 17,561,608</u>	<u>\$ 409,153</u>	<u>\$ (2,834,243)</u>	<u>\$ 121,229,741</u>

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

	Balances				Balances
	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
Capital assets not being depreciated:					
Land	\$ 1,670,030	\$ -	\$ -	\$ -	\$ 1,670,030
Construction in progress	<u>11,884,042</u>	<u>3,346,620</u>	<u>-</u>	<u>(6,445,630)</u>	<u>8,785,032</u>
Total capital assets not being depreciated	<u>13,554,072</u>	<u>3,346,620</u>	<u>-</u>	<u>(6,445,630)</u>	<u>10,455,062</u>
Capital assets being depreciated:					
Buildings and system	334,914,420	1,215,567	-	5,202,828	341,332,815
Machinery and equipment	<u>12,160,421</u>	<u>797,545</u>	<u>137,630</u>	<u>4,741,084</u>	<u>17,561,420</u>
Total capital assets being depreciated	<u>347,074,841</u>	<u>2,013,112</u>	<u>137,630</u>	<u>9,943,912</u>	<u>358,894,235</u>
Less accumulated depreciation for:					
Buildings and system	(113,652,162)	(9,208,636)	-	(664,039)	(123,524,837)
Machinery and equipment	<u>(8,063,416)</u>	<u>(905,176)</u>	<u>(137,630)</u>	<u>-</u>	<u>(8,830,962)</u>
Total accumulated depreciation	<u>(121,715,578)</u>	<u>(10,113,812)</u>	<u>(137,630)</u>	<u>(664,039)</u>	<u>(132,355,799)</u>
Total capital assets being depreciated, net	<u>225,359,263</u>	<u>(8,100,700)</u>	<u>-</u>	<u>9,279,873</u>	<u>226,538,436</u>
Business-type activities capital assets, net	<u>\$ 238,913,335</u>	<u>\$ (4,754,080)</u>	<u>\$ -</u>	<u>\$ 2,834,243</u>	<u>\$ 236,993,498</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2022

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

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 367,963
Public safety	807,083
Public works	2,092,111
Culture and recreation	<u>1,551,410</u>
Total depreciation - governmental activities	<u>\$ 4,818,567</u>
Business-Type Activities	
Water and sewer	\$ 9,907,147
Storm water	<u>206,665</u>
Total depreciation - business-type activities	<u>\$ 10,113,812</u>

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,426,117	\$ -
Nonmajor governmental	283,775	1,287,080
Water and Sewer enterprise fund	<u>-</u>	<u>422,812</u>
Total	<u>\$ 1,709,892</u>	<u>\$ 1,709,892</u>

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

Interfund transfers for the year ended June 30, 2022, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 18,661,238
Hospitality fund	-	1,521,700
Installment Purchase Rev Bond fund	18,496,623	-
Nonmajor governmental funds	<u>495,708</u>	<u>324,479</u>
Total governmental funds	<u>18,992,331</u>	<u>20,507,417</u>
Water and sewer enterprise fund	1,567,323	-
Nonmajor enterprise funds	<u>-</u>	<u>52,237</u>
Total enterprise funds	<u>1,567,323</u>	<u>52,237</u>
Total transfers out	<u>\$ 20,559,654</u>	<u>\$ 20,559,654</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

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

The transfers consist primarily of \$1,515,086 from General Fund to Enterprise Funds, \$1,521,700 to General Fund from Hospitality Fund based on budgetary authorization and \$18,646,623 to Installment Purchase Revenue Bond Fund from General Fund for investments.

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 fire and sanitation departments, and the City Center purchase and renovations. The book value of assets acquired under capital leases are as follows:

Machinery & equipment	\$ 4,458,923
Buildings	5,300,000
Less: accumulated depreciation	<u>(2,518,480)</u>
Total	<u>\$ 7,240,443</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2022, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2023	\$ 645,339	\$ 195,000
2024	645,339	195,000
2025	597,754	195,000
2026	578,331	195,000
2027	558,908	195,000
2028-2032	2,556,240	975,000
2033	<u>195,000</u>	<u>195,000</u>
	5,776,911	2,145,000
Less amount representing interest	<u>(619,618)</u>	<u>(264,164)</u>
	<u>\$ 5,157,293</u>	<u>\$ 1,880,836</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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, 2022 is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Tax Increment Revenue Bonds	\$ 35,420,000	\$ -	\$ 230,000	\$ 35,190,000	\$ 315,000
Direct borrowing and direct placement notes:					
General obligations bonds	8,487,000	-	581,000	7,906,000	589,000
Hospitality Revenue Bonds	5,103,000	-	766,000	4,337,000	798,000
Installment Purchase Revenue Bond	37,335,000	-	1,240,000	36,095,000	1,280,000
US HUD Section 108 Loan	220,000	-	65,000	155,000	65,000
Bond Premium	1,765,483	-	158,103	1,607,380	158,103
Total direct borrowing and direct placement notes	52,910,483	-	2,810,103	50,100,380	2,890,103
Capital leases	2,729,544	2,875,000	447,251	5,157,293	696,620
Compensated absences	3,010,017	3,359,294	3,261,818	3,107,493	260,000
	<u>\$ 94,070,044</u>	<u>\$ 6,234,294</u>	<u>\$ 6,749,172</u>	<u>\$ 93,555,166</u>	<u>\$ 4,161,723</u>
Business-Type Activities					
2016 Series Water & Sewer Revenue Bonds	\$ 9,855,000	\$ -	\$ 2,345,000	\$ 7,510,000	\$ 2,405,000
2019A Series Water & Sewer Revenue Bonds	67,680,000	-	955,000	66,725,000	1,005,000
Bond premium	8,592,380	-	602,422	7,989,958	602,422
Total bonds payable	86,127,380	-	3,902,422	82,224,958	4,012,422
Direct borrowing and direct placement notes:					
Water and Sewer SRF Notes	18,208,157	-	1,052,528	17,155,629	1,069,236
2021 Series Storm water Revenue Bonds	-	7,000,000	401,000	6,599,000	477,092
2014 Series RD Water & Sewer Revenue Bonds	5,131,436	-	116,181	5,015,255	118,359
2015 Series Water & Sewer Revenue Bonds	1,863,397	-	150,259	1,713,138	153,821
2020 Series Water & Sewer Revenue Bonds	13,833,000	-	1,414,000	12,419,000	1,430,000
Total direct borrowing and direct placement notes	39,035,990	7,000,000	3,133,968	42,902,022	3,248,508
Capital Leases	2,029,995	-	149,159	1,880,836	152,527
Compensated absences					
Water and sewer	701,203	881,709	908,696	674,216	144,000
Storm water	32,931	52,122	68,748	16,305	2,700
	<u>734,134</u>	<u>933,831</u>	<u>977,444</u>	<u>690,521</u>	<u>146,700</u>
	<u>\$ 127,927,499</u>	<u>\$ 7,933,831</u>	<u>\$ 8,162,993</u>	<u>\$ 127,698,337</u>	<u>\$ 7,560,157</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, 2022

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, 2022 are as follows:

In September 2020, the City issued a \$6,267,000 General Obligation Bond Series 2020. The bond is for fire station projects and related equipment. The bond has a 1.42% interest rate and requires semi-annual interest payments and annual principal payments. The bonds matures September 1, 2034. \$ 6,109,000

In September 2020, the City issued a \$2,220,000 General Obligation Refunding Bond, Series 2020A for refunding Series 2010 G.O. Bond. The bond has a 1.22% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures on September 1, 2025. 1,797,000
\$ 7,906,000

Revenue bonds payable from governmental activities at June 30, 2022 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. \$ 8,675,000

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. 1,032,000

In May 2014, the City issued a \$4,605,000 Revenue Bond. The bond is for recreational facility construction. The bond has a 3.42% interest rate through June 1, 2024 and thereafter a rate to be negotiated between the City and issuer and requires semi-annual interest payments and annual principal payments. This bond is secured by the City's hospitality fee. The bond matures June 1, 2034. 3,305,000

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

F. Long-Term Debt (Continued)

In September 2020, the City through the Public Facilities Corporation issued a \$26,365,000 Installment Purchase Revenue Bond, Taxable Series 2020A and a \$10,970,000 Installment Purchase Revenue Bond, Series 2020B. The bonds are 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 and refund the 2017 Installment Purchase Bond. 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 bonds have a 2.41% interest rate and require semi-annual interest payments and annual principal payments. These bonds are secured by certain recreation facilities owned by the City. The bond matures June 30, 2046.

36,095,000

Total revenue bonds

\$ 75,622,000

Notes payable from governmental activities at June 30, 2022 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.

\$ 155,000

Total notes payable

\$ 155,000

Governmental activities debt service to maturity is as follows:

Year Ending June 30,	Total Direct Borrowings		Capital Leases	
	Principal	Interest	Principal	Interest
2023	\$ 1,452,000	\$ 247,969	\$ 544,093	\$ 101,246
2024	1,516,000	215,293	554,334	91,005
2025	818,000	182,412	517,542	80,212
2026	836,000	167,387	508,512	69,819
2027	856,000	151,424	451,092	107,816
2028-2032	4,418,000	495,531	2,391,365	164,875
2033-2035	2,502,000	73,381	190,355	4,645
	<u>\$ 12,398,000</u>	<u>\$ 1,533,397</u>	<u>\$ 5,157,293</u>	<u>\$ 619,618</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2022

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

F. Long-Term Debt (Continued)

Year Ending June 30,	Total Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,595,000	\$ 2,376,818	\$ 3,591,093	\$ 2,726,033
2024	1,715,000	2,323,151	3,785,334	2,629,449
2025	2,575,000	2,257,869	3,910,542	2,520,493
2026	2,745,000	2,183,877	4,089,512	2,421,084
2027	2,895,000	2,105,890	4,202,092	2,365,130
2028-2032	14,770,000	9,278,049	21,579,365	9,938,455
2033-2037	13,670,000	6,885,501	16,362,355	6,963,526
2038-2042	13,335,000	4,850,624	13,335,000	4,850,624
2043-2047	17,985,000	1,761,688	17,985,000	1,761,688
	<u>\$ 71,285,000</u>	<u>\$ 34,023,467</u>	<u>\$ 88,840,293</u>	<u>\$ 36,176,482</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 \$12,398,000 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.

Defeasance Debt and Refundings

For governmental activities, compensated absences, other post-employment benefits and pension liabilities are generally liquidated by the General Fund.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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, 2022</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2014	6,004,585	1.875	3/28/2053	\$ 5,015,255
	Series 2015	2,702,348	2.35	6/1/2032	1,713,138
	Series 2016	14,405,000	1.75	9/1/2024	7,510,000
	Series 2019	68,590,000	2.46	6/30/2040	66,725,000
	Series 2020	15,252,000	1.17	7/1/2031	<u>12,419,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					93,382,393
<i>Secured by Storm Water Utility Fund Revenues</i>					
Revenue Bonds	Series 2021	7,000,000	1.70	6/30/2036	<u>6,599,000</u>
Total Revenue Bonds					<u>\$ 99,981,393</u>

	<u>Date of Issuance</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2022</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 2013	10,626,372	1.90	4/1/2034	\$ 6,848,659
	September 2013	3,890,000	1.90	9/1/2034	2,507,203
	September 2014	1,750,566	1.00	4/1/2045	1,289,016
	June 2018	2,260,938	1.00	12/1/2048	1,921,782
	June 2018*	5,730,149	1.00	2/1/2049	<u>4,588,969</u>
Total Notes Payable					<u>\$ 17,155,629</u>

* The City began drawing down on a note 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, 2022, the City had drawn \$5,451,222 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:

Year Ending June 30,	Bonds		Direct Borrowing and Direct Placement Notes		Capital Leases		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,410,000	\$ 2,839,275	\$ 3,210,116	\$ 646,070	\$ 152,527	\$ 42,473	\$ 6,772,643	\$ 3,527,818
2024	3,560,000	2,689,550	3,258,153	599,117	155,972	39,028	6,974,125	3,327,695
2025	3,715,000	2,533,200	3,305,609	551,409	159,493	35,507	7,180,102	3,120,116
2026	4,130,000	2,350,100	3,353,493	502,955	163,096	31,904	7,646,589	2,884,959
2027	4,320,000	2,138,850	3,402,813	453,656	166,779	28,221	7,889,592	2,620,727
2028-2032	18,815,000	7,772,275	15,120,742	1,519,252	892,613	82,387	34,828,355	9,373,914
2033-2037	21,215,000	3,909,650	6,846,242	610,186	190,356	4,644	28,251,598	4,524,480
2038-2042	15,070,000	706,050	1,828,088	326,047	-	-	16,898,088	1,032,097
2043-2047	-	-	1,239,062	199,328	-	-	1,239,062	199,328
2048-2052	-	-	1,031,180	96,246	-	-	1,031,180	96,246
2053-2055	-	-	306,524	8,076	-	-	306,524	8,076
	<u>\$ 74,235,000</u>	<u>\$ 24,938,950</u>	<u>\$ 42,902,022</u>	<u>\$ 5,512,342</u>	<u>\$ 1,880,836</u>	<u>\$ 264,164</u>	<u>\$ 119,017,858</u>	<u>\$ 30,715,456</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

F. Long-Term Debt (Continued)

The City's outstanding notes and bonds related to business-type activities from direct borrowings and direct placements in the outstanding principal amount of \$42,902,022 are secured by revenues generated by the City's Water & Sewer system. 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.

G. Fund Balances – Governmental Funds

As of June 30, 2022, fund balances are composed of the following:

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable	\$ 180,785	\$ -	\$ -	\$ -	\$ 600,813	\$ 781,598
Restricted for:						
Community Development:						
Housing Partnership	-	-	-	-	22,378	22,378
HOME Program	-	-	-	-	94,172	94,172
NSP Grant	-	-	-	-	46,714	46,714
NSP-3 Grant	-	-	-	-	85,706	85,706
Neighborhood Imp. Program	-	-	-	-	45,027	45,027
Veterans Park Development	-	-	-	-	127	127
American Rescue Plan Act	-	-	-	8,838	-	8,838
Palmetto Pride Grant	-	-	-	-	21,163	21,163
Public Safety:						
E-911	-	-	-	-	541,452	541,452
Drug Control	-	-	-	-	73,804	73,804
Federal Equitable Sharing	-	-	-	-	55,909	55,909
Public Safety Grants	-	-	-	-	55,939	55,939
Fire Trust	-	-	-	-	12,800	12,800
Capital Projects:						
Florence County Penny Tax	-	-	-	-	571,571	571,571
TIF Construction Projects	-	-	-	-	1,292,580	1,292,580
Installment Purchase Rev Bonds	-	-	17,030,257	-	-	17,030,257
Downtown Florence	3,365,708	-	-	-	-	3,365,708
Tourism:						
Accommodation Tax	-	-	-	-	151,813	151,813
Sunday Local Option Revenue Fund	-	-	-	-	113,140	113,140
Hospitality Fund	-	2,570,725	-	-	-	2,570,725
Debt Service	-	-	-	-	924,640	924,640
	<u>3,365,708</u>	<u>2,570,725</u>	<u>17,030,257</u>	<u>8,838</u>	<u>4,108,935</u>	<u>27,084,463</u>
Committed to:						
Neighborhood Redevelopment	-	-	-	-	1,372,396	1,372,396
Rollcart and Equipment Replacement	-	-	-	-	559,523	559,523
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,931,919</u>	<u>1,931,919</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

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

G. Fund Balances – Governmental Funds (Continued)

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	American Resuce Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assigned to:						
Subsequent Year's						
Expenditures	5,127,508	-	-	-	-	5,127,508
Downtown Redevelopment:						
Downtown Revitalization	224,048	-	-	-	-	224,048
Capital Projects:						
City Center Reserve Fund	202,659	-	-	-	-	202,659
Hurricane Matthew	51,938	-	-	-	-	51,938
Parks and Athletic Programs:						
Recreation Projects	17,132	-	-	-	-	17,132
Park Commission	4,804	-	-	-	-	4,804
Recreation Programs	10,663	-	-	-	-	10,663
Employee Assistance	4,156	-	-	-	-	4,156
	<u>5,642,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,642,908</u>
Unassigned	12,140,735	-	-	-	-	12,140,735
Total Fund Balances	<u>\$ 21,330,136</u>	<u>\$ 2,570,725</u>	<u>\$ 17,030,257</u>	<u>\$ 8,838</u>	<u>\$ 6,641,667</u>	<u>\$ 47,581,623</u>

NOTE V - EMPLOYEE BENEFITS

A. Employee Benefits

Plan Description

The City is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) which are cost-sharing multiple-employer defined benefit pension plans. These plans are two of five defined benefit retirement systems maintained by the South Carolina Public Employee Benefit Authority (PEBA). PEBA was created effective July 1, 2012 and administers the various retirement systems and retirement programs managed by the Retirement Division. PEBA also has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as trustee of the systems and the trust funds. By law, the South Carolina Retirement System Investment Commission, which consists of eight members appointed by mostly elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Retirement Systems in conducting that review. Each system publishes its own component unit financial statement. Furthermore, PEBA and the five pension plans are included in the annual comprehensive financial report (ACFR) of the State of South Carolina.

The systems offer retirement, death, and disability benefits to state employees, public school employees, and employees of counties, municipalities, and certain other state political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

An annual comprehensive financial report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by visiting www.retirement.sc.gov or by writing the South Carolina Public Benefit Authority, 202 Arbor Lake Drive, Columbia, SC 29223.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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 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.

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.

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/current annual salary.

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Benefits Provided (Continued)

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.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lessor 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.

Summary of Significant Accounting Policies - Basis of Accounting and Valuation of Investments

The financial statements of the previously-described plans are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Retirement benefits and refunded expenses are recognized when due and payable in accordance with the terms of each plan.

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the systems and additions to/deductions from system fiduciary net position have been determined on the same basis as they are reported by the systems in accordance with generally accepted accounting principles (GAAP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS.

The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Contributions (Continued)

Additionally, the City is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the 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 85 percent.

Required employee contribution rates for fiscal years 2021 and 2022 are as follows:

	2022	2021
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates for fiscal years 2021 and 2022 are as follows:

SCRS		
Employee Class Two	16.41%	15.41%
Employee Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	18.84%	17.84%
Employee Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

The General Assembly funded a one-time credit for employer contributions of one percent for most employers in SCRS for fiscal year 2022.

The amount due to SCRS and PORS was \$489,420 at June 30, 2022. The amount was due to PEBA by July 31, 2022 for legally required contributions per the preceding table for the month of June 2022.

Actuarial Assumptions and Methods

Actuarial valuations of the 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 for the period ending June 30, 2019.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2021 total pension liability (TPL), net pension liability (NPL), 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, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using general accepted actuarial principles. There was no legislation enacted during the 2021 legislature session that had a material change in the benefit provisions for any of the systems. In fiscal year 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2021.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial Assumptions		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (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. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality Table (2020 PRSC), was developed using the systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators and judges	2020 PRSC males multiplied by 95%	2020 PRSC females multiplied by 94%
General employees and members of the general assembly	2020 PRSC males multiplied by 97%	2020 PRSC females multiplied by 107%
Public safety and firefighters	2020 PRSC males multiplied by 127%	2020 PRSC females multiplied by 107%

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, 2021 for SCRS and PORS is presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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

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, 2022, the City reported a liability of \$24,736,275 for SCRS and \$14,750,630 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 and 2020, the City's proportion was:

	<u>2021</u>	<u>2020</u>
SCRS	0.114301%	0.114443%
PORS	0.573304%	0.537810%

For the year ended June 30, 2022, the City recognized pension expense of \$1,813,960 for SCRS and \$1,091,440 for PORS. At June 30, 2022, 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	\$ 421,354	\$ 33,385
Change in assumptions	1,353,983	-
Net difference between projected and actual earnings on pension plan investments	-	3,593,270
Changes in proportion and differences between City contributions and proportionate share of contributions	151,698	437,171
City contributions subsequent to the measurement date	2,282,284	-
Total	<u>\$ 4,209,319</u>	<u>\$ 4,063,826</u>

	<u>PORS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 501,804	\$ 45,939
Change in assumptions	1,052,085	-
Net difference between projected and actual earnings on pension plan investments	-	3,307,026
Changes in proportion and differences between City contributions and proportionate share of contributions	771,434	423,451
City contributions subsequent to the measurement date	1,858,698	-
Total	<u>\$ 4,184,021</u>	<u>\$ 3,776,416</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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

\$2,282,284 for SCRS and \$1,858,698 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	<u>SCRS</u>	<u>PORS</u>
2023	\$ (200,182)	\$ (206,468)
2024	(272,503)	(44,175)
2025	(319,551)	(62,578)
2025	<u>(1,344,555)</u>	<u>(1,137,872)</u>
Total	<u>\$ (2,136,791)</u>	<u>\$ (1,451,093)</u>

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 2021 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 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<u>7.43%</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00 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.

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 32,401,332	\$ 24,736,275	\$ 18,364,875
PORS	\$ 21,401,265	\$ 14,750,630	\$ 9,302,726

City's Liabilities, Deferred Amounts and Pension Expense

As of June 30, 2022, net pension liability and deferred amounts, and pension expenses for the year ended June 30, 2022 for the City were:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Net pension liability	\$ 24,736,275	\$ 14,750,630	\$ 39,486,905
Deferred pension outflows	4,209,319	4,184,021	8,393,340
Deferred pension inflows	4,063,826	3,776,416	7,840,242
Pension expense	1,813,960	1,091,440	2,905,400

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Annual Comprehensive Financial Report.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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 Annual Comprehensive Financial Report of those plans.

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

As of December 31, 2021, the most recent measurement date for the plan, there were 582 covered participants; 113 were retirees and their beneficiaries receiving benefits, and 469 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 \$500.38 for retirees and \$1,051.04 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 \$500.38 for medical and \$519.66 for medical, vision and dental for retirees after age 65.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Funding Policy (Continued)

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 reaching Medicare eligibility, retirees electing the PEBA Medicare supplement pay the total medical premium cost in excess of a percentage of \$457.78 for their own coverage. Retirees electing Blue Cross Blue Shield Plan B or Plan F pay the total premium cost in excess of a percentage of the premium for Plan B with BlueCross Rx Value prescription coverage or a percentage of \$457.78, which ever is lower. The percentage for all retirees on Medicare is based on the service criteria listed in the table below. Retirees eligible for Medicare continue to pay their earned percentage described above of dental and vision premiums. Retirees are expected to pay for all future increases in the cost of medical coverage in excess of their earned percentage of \$457.78. 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%

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 \$10,275,542 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, 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, 2019.
Mortality Assumptions	RP-2014 Mortality table for Employees with a 95% multiplier.
Healthcare cost trend rates	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.50% 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.

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 short duration	2.5%
US Government Agency	57.5%
US Government MBS/CMO/CMBS	<u>40.0%</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.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2020	\$ 17,313,868	\$ 5,577,928	\$ 11,735,940
Changes for the year:			
Service cost	440,725	-	440,725
Interest	805,123	-	805,123
Difference between expected and actual experience	(1,613,455)	-	(1,613,455)
Changes of assumptions or other inputs	(73,630)	-	(73,630)
Contributions - employer	-	1,160,072	(1,160,072)
Benefit payments and implicit subsidy credit	(736,355)	(736,355)	-
Net investment income	-	(132,510)	132,510
Plan administrative expenses	-	(8,401)	8,401
Net changes	<u>(1,177,592)</u>	<u>282,806</u>	<u>(1,460,398)</u>
Balance at December 31, 2021	<u>\$ 16,136,276</u>	<u>\$ 5,860,734</u>	<u>\$ 10,275,542</u>

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

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

	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Total OPEB liability	<u>\$ 12,452,800</u>	<u>\$ 10,275,542</u>	<u>\$ 8,469,204</u>

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	<u>\$ 9,259,462</u>	<u>\$ 10,275,542</u>	<u>\$ 11,567,814</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended June 30, 2022, the City recognized OPEB negative expense of \$283,013. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 134,056	\$ 1,471,293
Changes of assumptions or other inputs	212,244	64,392
Net difference between projected and actual earnings on plan investments	318,128	-
City contributions subsequent to the measurement date	<u>1,062,099</u>	<u>-</u>
	<u>\$ 1,726,527</u>	<u>\$ 1,535,685</u>

The City made contributions of \$1,062,099 subsequent to the measurement date of December 31, 2021, but within the fiscal year ended June 30, 2022, which will be recognized as a reduction in OPEB expense in fiscal year June 30, 2023.

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

Year ended June 30,	
2023	\$ (66,520)
2024	(95,090)
2025	(91,122)
2026	(65,187)
2027	(146,932)
Thereafter	<u>(406,406)</u>
	<u>\$ (871,257)</u>

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE V - OTHER INFORMATION (Continued)

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer and Storm water Utility Enterprise Fund capital improvements. As of June 30, 2022, the outstanding commitments total approximately \$5,101,179.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,488,000 for the year ended June 30, 2022, 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, 2022 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 \$15,037,813 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$6,990,938 by \$8,046,875.

NOTE VI - RESTATEMENT OF NET POSITION AND FUND BALANCE

The City previously reported the city center building and related capital lease entirely in the governmental activities. As of June 30, 2021, the City is correcting the reporting to move one-half of the building and capital lease to the Water and Sewer Proprietary Fund in the amount of \$804,249.

The City also donated property in the amount of \$1,503,090 during fiscal year ended June 30, 2021, which was not recorded as an expenditure in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance or expensed on the Statement of Activities.

The City received funding from the American Rescue Plan Act during fiscal year ended June 30, 2021 in the amount of \$3,971,576, which was recorded as revenue but should have been deferred until spent.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2022

NOTE VI - RESTATEMENT OF NET POSITION AND FUND BALANCE (Continued)

The implementation of these corrections had the following effect on the government-wide and proprietary net position and fund balance as reported June 30, 2021:

	Water and Sewer Proprietary Fund	Governmental Activities
Net position, as previously reported	\$ 151,757,653	\$ 45,426,396
Adjustments:		
City-Center building net of accumulated depreciation	2,834,244	(2,834,244)
City-Center capital lease	(2,029,995)	2,029,995
Property donation	-	(1,503,090)
ARPA funding deferred	<u>-</u>	<u>(3,971,575)</u>
Net position, as restated	<u>\$ 152,561,902</u>	<u>\$ 39,147,482</u>
	Governmental Funds	
Fund balance, as previously reported	\$ 71,414,998	
Adjustments:		
Property donation	(1,503,090)	
ARPA funding deferred	<u>(3,971,575)</u>	
Fund balance, as restated	<u>\$ 65,940,333</u>	

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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 Nine Fiscal Years

	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<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	0.11%	0.11%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 24,736,275	\$ 29,242,173	\$ 26,973,364	\$ 25,859,580	\$ 25,702,854	\$ 23,600,074	\$ 20,739,324	\$ 19,459,674	\$ 20,273,191
Covered payroll	\$ 12,880,710	\$ 12,767,654	\$ 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 payroll	192.040%	229.030%	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	60.700%	50.700%	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 Nine Fiscal Years

	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,282,284	\$ 2,004,238	\$ 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>(2,282,284)</u>	<u>(2,004,238)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Organization's covered payroll	\$ 13,781,908	\$ 12,880,710	\$ 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 payroll	16.56%	15.56%	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 Nine Fiscal Years

	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<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	0.573%	0.538%	0.555%	0.567%	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 14,750,630	\$ 17,834,927	\$ 15,902,931	\$ 16,065,096	\$ 16,944,567	\$ 15,818,344	\$ 14,284,381	\$ 13,024,941	\$ 14,103,614
Covered payroll	\$ 8,600,767	\$ 8,124,386	\$ 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 payroll	171.50%	219.52%	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	70.400%	58.800%	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 Nine Fiscal Years

	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,858,698	\$ 1,568,780	\$ 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>(1,858,698)</u>	<u>(1,568,780)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Organization's covered payroll	\$ 9,660,592	\$ 8,600,767	\$ 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 payroll	19.24%	18.24%	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, 2022

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the fiscal year ended June 30, 2021 (the measurement year).

CHANGES OF ASSUMPTIONS

The investment return assumption at July 1, 2021 was decreased from 7.25% to 7.00%.

City of Florence, South Carolina

Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 440,725	\$ 426,745	\$ 417,562	\$ 404,295	\$ 391,451
Interest cost	805,123	780,530	745,357	728,919	709,445
Difference between expected and actual experience	(1,613,455)	64,549	113,504	28,330	(156,264)
Changes of assumptions or other inputs	(73,630)	-	338,580	-	-
Benefit payments	<u>(736,355)</u>	<u>(771,369)</u>	<u>(975,322)</u>	<u>(659,281)</u>	<u>(412,920)</u>
Net change in total OPEB liability	(1,177,592)	500,455	639,681	502,263	531,712
Total OPEB liability - beginning	<u>17,313,868</u>	<u>16,813,413</u>	<u>16,173,732</u>	<u>15,671,469</u>	<u>15,139,757</u>
Total OPEB liability - ending	<u>\$ 16,136,276</u>	<u>\$ 17,313,868</u>	<u>\$ 16,813,413</u>	<u>\$ 16,173,732</u>	<u>\$ 15,671,469</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,160,072	\$ 1,171,316	\$ 1,375,381	\$ 1,079,728	\$ 893,924
Net investment income	(132,510)	288,771	231,690	47,396	91,807
Benefit payments	(736,355)	(771,369)	(975,322)	(659,281)	(412,920)
Administrative expense	<u>(8,401)</u>	<u>(1,000)</u>	<u>(7,058)</u>	<u>-</u>	<u>(19,926)</u>
Net change in Plan Fiduciary Net Position	282,806	687,718	624,691	467,843	552,885
Plan Fiduciary Net Position - beginning	<u>5,577,928</u>	<u>4,890,210</u>	<u>4,265,519</u>	<u>3,797,676</u>	<u>3,244,791</u>
Plan Fiduciary Net Position - ending	<u>\$ 5,860,734</u>	<u>\$ 5,577,928</u>	<u>\$ 4,890,210</u>	<u>\$ 4,265,519</u>	<u>\$ 3,797,676</u>
Net OPEB Liability	\$ 10,275,542	\$ 11,735,940	\$ 11,923,203	\$ 11,908,213	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.32%	32.22%	29.09%	26.37%	24.23%
Covered payroll	\$ 19,842,630	\$ 18,277,122	\$ 18,277,122	\$ 16,669,414	\$ 16,669,414
Net OPEB liability as a percentage of covered payroll	51.79%	64.21%	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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions	\$ 1,194,019	\$ 1,162,683	\$ 1,128,213	\$ 1,077,489	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(1,160,072)</u>	<u>(1,171,316)</u>	<u>(1,375,381)</u>	<u>(1,079,728)</u>	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>\$ 33,947</u>	<u>\$ (8,633)</u>	<u>\$ (247,168)</u>	<u>\$ (2,239)</u>	<u>\$ 57,607</u>
Covered Payroll	\$ 22,308,547	\$ 21,481,477	\$ 20,892,040	\$ 17,679,296	\$ 17,047,043
Contributions as a percentage of covered payroll	5.85%	6.41%	6.58%	6.11%	5.24%

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

City of Florence, South Carolina

OPEB Supplementary Information Note

Year Ended June 30, 2022

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended December 31, 2021 (the measurement date).

CHANGE TO ASSUMPTIONS OR OTHER INPUTS

- The decremental and salary increase assumptions have been updated based on the most recent SCRS and PORS experience analysis.
- Change in medical trend

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 FUNDS

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 the 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 Sunday Local Option Taxes.

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.

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

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

Palmetto Pride Grant – This fund is used to account for litter prevention activities.

SPECIAL REVENUE FUNDS - Continued

Brownsfield Grant – This fund is used to account for Environmental Cleanup Activity for an EPA grant.

DRO Grant – McQueen & Cedar – This fund is used to account for infrastructure improvements on McQueen & Cedar streets.

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 - This fund is used to account for various projects paid from the penny tax collections.

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.

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	<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>
ASSETS				
Cash and cash equivalents	\$ 22,378	\$ -	\$ -	\$ 525,825
Restricted cash	-	-	-	-
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Due from other governments	-	-	-	39,372
Other	-	-	-	-
Due from other funds	-	101,483	-	-
Inventory	-	482,855	-	46,252
Investments	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 22,378</u>	<u>\$ 584,338</u>	<u>\$ -</u>	<u>\$ 611,449</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,674
Retainage payable	-	-	-	-
Due to other funds	-	7,311	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>7,311</u>	<u>-</u>	<u>5,674</u>
Fund balances:				
Nonspendable	-	482,855	-	46,252
Restricted	22,378	94,172	-	-
Committed	-	-	-	559,523
Total fund balances	<u>22,378</u>	<u>577,027</u>	<u>-</u>	<u>605,775</u>
Total liabilities and fund balances	<u>\$ 22,378</u>	<u>\$ 584,338</u>	<u>\$ -</u>	<u>\$ 611,449</u>

Special Revenue Funds

<u>E-911</u>	<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>
\$ 441,829	\$ -	\$ 73,804	\$ 55,909	\$ 49,842
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
99,623	-	-	-	-
-	-	-	-	-
<u>\$ 541,452</u>	<u>\$ -</u>	<u>\$ 73,804</u>	<u>\$ 55,909</u>	<u>\$ 49,842</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,128
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,128
-	-	-	-	-
541,452	-	73,804	55,909	46,714
-	-	-	-	-
<u>541,452</u>	<u>-</u>	<u>73,804</u>	<u>55,909</u>	<u>46,714</u>
<u>\$ 541,452</u>	<u>\$ -</u>	<u>\$ 73,804</u>	<u>\$ 55,909</u>	<u>\$ 49,842</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2022

	Special Revenue Funds			
	Neighborhood Imp Program	Accommodation Tax	Public Safety Grants	NSP-3 Grant
ASSETS				
Cash and cash equivalents	\$ 45,027	\$ 14,274	\$ 55,939	\$ 88,587
Restricted cash	-	-	-	-
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Due from other governments	-	395,382	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 45,027</u>	<u>\$ 409,656</u>	<u>\$ 55,939</u>	<u>\$ 88,587</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 257,843	\$ -	\$ 2,881
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>257,843</u>	<u>-</u>	<u>2,881</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	45,027	151,813	55,939	85,706
Committed	-	-	-	-
Total fund balances	<u>45,027</u>	<u>151,813</u>	<u>55,939</u>	<u>85,706</u>
Total liabilities and fund balances	<u>\$ 45,027</u>	<u>\$ 409,656</u>	<u>\$ 55,939</u>	<u>\$ 88,587</u>

Special Revenue Funds

<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>	<u>Sunday Local Option Revenue Fund</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>
\$ 975,765	\$ -	\$ 100,288	\$ 12,800	\$ 159,360
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
71,706	-	-	-	-
498,114	-	24,906	-	24,906
-	-	-	-	-
<u>\$ 1,545,585</u>	<u>\$ -</u>	<u>\$ 125,194</u>	<u>\$ 12,800</u>	<u>\$ 184,266</u>
\$ -	\$ -	\$ 12,054	\$ -	\$ 4,018
-	-	-	-	-
101,483	-	-	-	-
-	-	-	-	180,121
<u>101,483</u>	<u>-</u>	<u>12,054</u>	<u>-</u>	<u>184,139</u>
71,706	-	-	-	-
-	-	113,140	12,800	127
<u>1,372,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,444,102</u>	<u>-</u>	<u>113,140</u>	<u>12,800</u>	<u>127</u>
<u>\$ 1,545,585</u>	<u>\$ -</u>	<u>\$ 125,194</u>	<u>\$ 12,800</u>	<u>\$ 184,266</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2022

	Special Revenue Funds			
	Florence Area Humane Society	Sav-a-lot Construction Fund	Palmetto Pride Grant	Brownsfield Grant
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 21,163	\$ -
Restricted cash	-	-	-	-
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	14,888
Due from other funds	-	3,735	-	-
Inventory	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ 21,163</u>	<u>\$ 14,888</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 3,735	\$ -	\$ 14,888
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>3,735</u>	<u>-</u>	<u>14,888</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	21,163	-
Committed	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>21,163</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ 21,163</u>	<u>\$ 14,888</u>

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Debt Service Funds</u>		<u>Total</u>
<u>DRO Grant McQueen & Cedar</u>	<u>Florence County Penny Tax</u>	<u>2016 TIF Construction Projects</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 694,914	\$ -	\$ 915,062	\$ 4,252,766
-	-	-	39	-	39
-	1,707,788	-	6,067	9,578	1,723,433
-	-	-	-	-	434,754
-	-	-	-	-	14,888
-	173,704	-	4,853	-	283,775
-	-	-	-	-	600,813
-	-	-	-	-	647,549
-	-	796,199	-	-	796,199
<u>\$ -</u>	<u>\$ 1,881,492</u>	<u>\$ 1,491,113</u>	<u>\$ 10,959</u>	<u>\$ 924,640</u>	<u>\$ 8,754,216</u>
\$ -	\$ 90,306	\$ 66,754	\$ -	\$ -	\$ 461,281
-	52,288	131,779	-	-	184,067
-	1,167,327	-	10,959	-	1,287,080
-	-	-	-	-	180,121
-	1,309,921	198,533	10,959	-	2,112,549
-	-	-	-	-	600,813
-	571,571	1,292,580	-	924,640	4,108,935
-	-	-	-	-	1,931,919
-	571,571	1,292,580	-	924,640	6,641,667
<u>\$ -</u>	<u>\$ 1,881,492</u>	<u>\$ 1,491,113</u>	<u>\$ 10,959</u>	<u>\$ 924,640</u>	<u>\$ 8,754,216</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2022

	Special Revenue Funds			
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	2,675	-	431,743
Intergovernmental	-	-	332,796	-
Charges for services	-	-	-	-
Investment earnings	7	8	-	124
Miscellaneous	-	497,363	-	-
Total revenues	<u>7</u>	<u>500,046</u>	<u>332,796</u>	<u>431,867</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	605,939	264,333	-
Debt service:				
Principal	-	-	65,000	-
Interest	-	-	12,661	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>605,939</u>	<u>341,994</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	7	(105,893)	(9,198)	431,867
Other financing sources (uses)				
Transfers in (out)	-	-	9,198	(157,200)
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,198</u>	<u>(157,200)</u>
Net changes in fund balances	7	(105,893)	-	274,667
Fund balances at beginning of year, as restated	<u>22,371</u>	<u>682,920</u>	<u>-</u>	<u>331,108</u>
Fund balances at end of year	<u>\$ 22,378</u>	<u>\$ 577,027</u>	<u>\$ -</u>	<u>\$ 605,775</u>

Special Revenue Funds

<u>E-911</u>	<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	39,379	-	-	-
-	-	-	20,113	23,486
124,615	-	-	-	-
(1,518)	-	1,393	12	-
-	-	900	-	99
<u>123,097</u>	<u>39,379</u>	<u>2,293</u>	<u>20,125</u>	<u>23,585</u>
-	-	-	-	-
36,563	-	42,919	-	-
-	-	-	-	-
-	-	-	-	35,957
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,484
<u>36,563</u>	<u>-</u>	<u>42,919</u>	<u>-</u>	<u>40,441</u>
86,534	39,379	(40,626)	20,125	(16,856)
-	(39,379)	-	-	-
-	(39,379)	-	-	-
86,534	-	(40,626)	20,125	(16,856)
454,918	-	114,430	35,784	63,570
<u>\$ 541,452</u>	<u>\$ -</u>	<u>\$ 73,804</u>	<u>\$ 55,909</u>	<u>\$ 46,714</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Neighborhood Imp Program</u>	<u>Accommodation Tax</u>	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Intergovernmental	-	1,087,181	-	46,624
Charges for services	-	-	-	-
Investment earnings	12	12	15	-
Miscellaneous	-	-	5,000	124
Total revenues	<u>12</u>	<u>1,087,193</u>	<u>5,015</u>	<u>46,748</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	958,220	-	69,898
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>958,220</u>	<u>-</u>	<u>69,898</u>
Excess (deficiency) of revenues over (under) expenditures	12	128,973	5,015	(23,150)
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12	128,973	5,015	(23,150)
Fund balances at beginning of year, as restated	<u>45,015</u>	<u>22,840</u>	<u>50,924</u>	<u>108,856</u>
Fund balances at end of year	<u>\$ 45,027</u>	<u>\$ 151,813</u>	<u>\$ 55,939</u>	<u>\$ 85,706</u>

Special Revenue Funds

<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>	<u>Sunday Local Option Revenue Fund</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	35,224	93,750	-	-
-	-	-	-	-
(7,865)	-	(366)	25	(374)
<u>277,186</u>	<u>-</u>	<u>-</u>	<u>129,217</u>	<u>186,818</u>
<u>269,321</u>	<u>35,224</u>	<u>93,384</u>	<u>129,242</u>	<u>186,444</u>
-	-	-	-	-
-	35,224	-	129,772	-
-	-	19,229	-	186,818
92,233	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>194,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>286,953</u>	<u>35,224</u>	<u>19,229</u>	<u>129,772</u>	<u>186,818</u>
(17,632)	-	74,155	(530)	(374)
<u>58,220</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>
<u>58,220</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>
40,588	-	9,155	(530)	(374)
<u>1,403,514</u>	<u>-</u>	<u>103,985</u>	<u>13,330</u>	<u>501</u>
<u>\$ 1,444,102</u>	<u>\$ -</u>	<u>\$ 113,140</u>	<u>\$ 12,800</u>	<u>\$ 127</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2022

	Special Revenue Funds			
	Florence Area <u>Humane Society</u>	Sav-a-lot <u>Construction Fund</u>	Palmetto <u>Pride Grant</u>	Brownsfield <u>Grant</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Intergovernmental	-	-	-	14,888
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	390	125,170	25,000	-
Total revenues	<u>390</u>	<u>125,170</u>	<u>25,000</u>	<u>14,888</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	3,837	-
Community development	1,015	547,982	-	14,888
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,015</u>	<u>547,982</u>	<u>3,837</u>	<u>14,888</u>
Excess (deficiency) of revenues over (under) expenditures	(625)	(422,812)	21,163	-
Other financing sources (uses)				
Transfers in (out)	625	422,812	-	-
Total financing sources (uses)	<u>625</u>	<u>422,812</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	21,163	-
Fund balances at beginning of year, as restated	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,163</u>	<u>\$ -</u>

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Debt Service Funds</u>		<u>Total</u>
<u>DRO Grant McQueen & Cedar</u>	<u>Florence County Penny Tax</u>	<u>2016 TIF Construction Projects</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 710,739	\$ 710,739
-	2,279,360	-	-	-	2,753,157
-	-	-	683,440	-	2,337,502
-	-	-	-	-	124,615
-	-	(3,005)	91	180	(11,249)
<u>74,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,321,769</u>
<u>74,502</u>	<u>2,279,360</u>	<u>(3,005)</u>	<u>683,531</u>	<u>710,919</u>	<u>7,236,533</u>
-	-	-	-	-	-
-	-	-	-	-	244,478
-	-	-	-	-	209,884
-	-	-	-	-	2,590,465
-	-	-	150,000	618,289	833,289
-	-	-	559,492	75,407	647,560
<u>74,502</u>	<u>1,707,789</u>	<u>334,044</u>	<u>-</u>	<u>-</u>	<u>2,315,539</u>
<u>74,502</u>	<u>1,707,789</u>	<u>334,044</u>	<u>709,492</u>	<u>693,696</u>	<u>6,841,215</u>
-	571,571	(337,049)	(25,961)	17,223	395,318
-	-	-	4,853	(62,900)	171,229
-	-	-	4,853	(62,900)	171,229
-	571,571	(337,049)	(21,108)	(45,677)	566,547
-	-	1,629,629	21,108	970,317	6,075,120
<u>\$ -</u>	<u>\$ 571,571</u>	<u>\$ 1,292,580</u>	<u>\$ -</u>	<u>\$ 924,640</u>	<u>\$ 6,641,667</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.

Storm Water Utility Fund - This fund is used to account for transactions relating to the operations of the storm water 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Current use charges	\$ 39,462,000	\$ 40,914,600	\$ 39,750,584	\$ (1,164,016)
Miscellaneous	959,000	756,000	809,686	53,686
Water and sewer tap fees	1,120,000	1,204,000	1,268,873	64,873
Total operating revenues	<u>41,541,000</u>	<u>42,874,600</u>	<u>41,829,143</u>	<u>(1,045,457)</u>
Operating Expenses				
Personnel	6,773,940	6,180,440	5,545,951	634,489
Employee benefits	3,073,830	2,737,930	2,113,078	624,852
Purchased services	8,520,260	10,155,460	6,794,586	3,360,874
Supplies and materials	1,171,460	1,309,790	1,350,046	(40,256)
Other operating expenses	1,346,610	1,383,180	2,495,388	(1,112,208)
Depreciation and amortization	<u>6,100,400</u>	<u>5,900,200</u>	<u>9,907,147</u>	<u>(4,006,947)</u>
Total operating expenses	<u>26,986,500</u>	<u>27,667,000</u>	<u>28,206,196</u>	<u>(539,196)</u>
Operating Income	<u>14,554,500</u>	<u>15,207,600</u>	<u>13,622,947</u>	<u>(1,584,653)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	100,000	7,000	(62,313)	(69,313)
Intergovernmental revenues	-	-	384,702	384,702
Economic development	(1,000,000)	(7,200,000)	(6,538,323)	661,677
Miscellaneous revenues	-	-	69,959	69,959
Gain on disposal of assets	-	-	19,039	19,039
Interest expense	-	-	(3,054,638)	(3,054,638)
Appropriation of net position	-	(619,200)	-	619,200
Total nonoperating revenues (expenses)	<u>(900,000)</u>	<u>(7,812,200)</u>	<u>(9,181,574)</u>	<u>(1,369,374)</u>
Income Before Transfers	13,654,500	7,395,400	4,441,373	(2,954,027)
Transfers In (Out)	<u>(13,654,500)</u>	<u>(7,395,400)</u>	<u>1,567,323</u>	<u>8,962,723</u>
Changes in Net Position	-	-	6,008,696	6,008,696
Net position at beginning of year, as restated	<u>152,561,902</u>	<u>152,561,902</u>	<u>152,561,902</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 152,561,902</u>	<u>\$ 152,561,902</u>	<u>\$ 158,570,598</u>	<u>\$ 6,008,696</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Proprietary Funds--Storm Water Utility Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,579,500	\$ 1,552,000	\$ 1,613,654	\$ 61,654
Miscellaneous	17,500	15,000	88,915	73,915
Total operating revenues	<u>1,597,000</u>	<u>1,567,000</u>	<u>1,702,569</u>	<u>135,569</u>
Operating Expenses				
Personnel	377,090	365,370	320,047	45,323
Employee benefits	174,310	160,980	144,467	16,513
Purchased services	122,710	136,710	218,013	(81,303)
Supplies and materials	28,400	14,400	7,564	6,836
Other operating expenses	29,090	29,490	(84,503)	113,993
Depreciation and amortization	-	-	206,665	(206,665)
Total operating expenses	<u>731,600</u>	<u>706,950</u>	<u>812,253</u>	<u>(105,303)</u>
Operating Income	<u>865,400</u>	<u>860,050</u>	<u>890,316</u>	<u>30,266</u>
Nonoperating Revenues (Expenses)				
Investment earnings	1,000	450	18,844	18,394
Interest expense	-	(71,000)	(181,855)	(110,855)
Total nonoperating revenues (expenses)	<u>1,000</u>	<u>(70,550)</u>	<u>(163,011)</u>	<u>(92,461)</u>
Income Before Transfers	866,400	789,500	727,305	(62,195)
Transfers Out	<u>(866,400)</u>	<u>(789,500)</u>	<u>(52,237)</u>	<u>737,263</u>
Changes in Net Position	-	-	675,068	675,068
Net position at beginning of year	<u>4,221,818</u>	<u>4,221,818</u>	<u>4,221,818</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 4,221,818</u>	<u>\$ 4,221,818</u>	<u>\$ 4,896,886</u>	<u>\$ 675,068</u>

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FIDUCIARY 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.

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

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.

City of Florence, South Carolina
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>			
	<u>Court Escrow</u>	<u>Narcotics Holding Funds</u>	<u>Eat Smart Move More Fund</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 13,277	\$ 344,900	\$ 6,817	\$ 364,994
Investments	<u>-</u>	<u>214,650</u>	<u>-</u>	<u>214,650</u>
Total assets	<u>13,277</u>	<u>559,550</u>	<u>6,817</u>	<u>579,644</u>
LIABILITIES				
Accounts payable	<u>1,551</u>	<u>-</u>	<u>-</u>	<u>1,551</u>
Total liabilities	<u>1,551</u>	<u>-</u>	<u>-</u>	<u>1,551</u>
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	<u>11,726</u>	<u>559,550</u>	<u>6,817</u>	<u>578,093</u>
Total net position	<u>\$ 11,726</u>	<u>\$ 559,550</u>	<u>\$ 6,817</u>	<u>\$ 578,093</u>

City of Florence, South Carolina
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2022

	<u>Custodial Funds</u>			<u>Totals</u>
	<u>Court Escrow</u>	<u>Narcotics Holding Funds</u>	<u>Eat Smart Move More Fund</u>	
Additions				
Investment earnings (losses)	\$ -	\$ (3,507)	\$ 2	\$ (3,505)
Program revenue-intergovernmental	-	90,523	-	90,523
Total additions	<u>-</u>	<u>87,016</u>	<u>2</u>	<u>87,018</u>
Deductions				
Payment of escrow funds	<u>2,789</u>	-	-	<u>2,789</u>
Total deductions	<u>2,789</u>	-	-	<u>2,789</u>
Net changes in fund balances	<u>(2,789)</u>	<u>87,016</u>	<u>2</u>	<u>84,229</u>
Net position - beginning	<u>14,515</u>	<u>472,534</u>	<u>6,815</u>	<u>493,864</u>
Net position - ending	<u>\$ 11,726</u>	<u>\$ 559,550</u>	<u>\$ 6,817</u>	<u>\$ 578,093</u>

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SUPPLEMENTAL SCHEDULES

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 5,592,000	\$ 5,592,000	\$ 5,189,078	\$ (402,922)
Homestead exemption	323,000	325,000	335,827	10,827
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	8,000	10,000	7,236	(2,764)
Property tax credits	4,700,000	4,890,000	5,414,921	524,921
PILOT - Housing Authority	151,000	151,000	249,561	98,561
Motor carrier - FILO	100,000	100,000	113,436	13,436
Delinquent taxes	157,000	157,000	220,876	63,876
Total Property Taxes	<u>11,330,600</u>	<u>11,524,600</u>	<u>11,830,538</u>	<u>305,938</u>
Licenses and Fees				
Business and professional license	9,965,000	10,440,000	11,563,536	1,123,536
Franchise fees	4,230,000	4,100,000	4,115,114	15,114
Delinquent business licenses	185,000	185,000	187,714	2,714
Total Licenses and Fees	<u>14,380,000</u>	<u>14,725,000</u>	<u>15,866,364</u>	<u>1,141,364</u>
Intergovernmental				
Community development	58,200	58,200	55,300	(2,900)
Sales tax revenue	3,619,000	3,890,000	3,849,122	(40,878)
State shared revenue	946,000	946,000	903,941	(42,059)
Governmental reimbursements	380,000	380,000	365,955	(14,045)
State A tax funds	75,000	75,000	82,220	7,220
Grants	16,000	800,000	854,948	54,948
Equipment rental fee	295,000	235,000	(1,207,866)	(1,442,866)
Marketing and promotion	117,000	135,000	117,178	(17,822)
Total Intergovernmental	<u>5,506,200</u>	<u>6,519,200</u>	<u>5,020,798</u>	<u>(1,498,402)</u>
Charges for Services				
Refuse - landfill fee	1,850,000	1,750,000	1,928,663	178,663
Refuse - collection fee	345,000	345,000	349,913	4,913
Building permits	450,000	435,000	415,384	(19,616)
Planning and zoning fees	30,000	30,000	28,555	(1,445)
Recreation fees	83,000	136,000	448,257	312,257
Total Charges for Services	<u>2,758,000</u>	<u>2,696,000</u>	<u>3,170,772</u>	<u>474,772</u>
Fines and Forfeitures				
Criminal fines	50,000	35,000	38,053	3,053
Traffic fines	272,000	210,000	187,492	(22,508)
Parking violations fines	4,000	5,500	4,045	(1,455)
Animal control fines	3,000	1,000	460	(540)
Total Fines and Forfeitures	<u>329,000</u>	<u>251,500</u>	<u>230,050</u>	<u>(21,450)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES--CONTINUED				
Miscellaneous				
Investment income	100,000	1,000	(27,399)	(28,399)
Miscellaneous	525,800	479,000	8,628,353	8,149,353
Concessions	17,000	20,000	31,499	11,499
Total Miscellaneous	<u>642,800</u>	<u>500,000</u>	<u>8,632,453</u>	<u>8,132,453</u>
TOTAL REVENUES	<u>34,946,600</u>	<u>36,216,300</u>	<u>44,750,975</u>	<u>8,534,675</u>
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,400	113,400	113,126	274
Retirement	18,740	18,740	12,824	5,916
Health insurance	78,390	81,450	78,131	3,319
Workers' compensation	10,770	10,820	11,394	(574)
Social security	6,550	6,550	6,513	37
Printing and supplies	1,000	1,000	-	1,000
Office supplies	1,500	1,500	62	1,438
Postage	100	100	4	96
Membership and dues	21,000	22,700	22,693	7
Travel and conferences	28,000	28,000	10,565	17,435
Telephone related services	5,500	5,500	5,141	359
Professional services	32,000	32,000	29,950	2,050
Special departmental supplies	5,500	3,800	2,187	1,613
Total City Council	<u>322,450</u>	<u>325,560</u>	<u>292,590</u>	<u>32,970</u>
Legal Services				
Salaries and wages	103,220	104,220	104,488	(268)
Retirement	17,100	17,420	16,941	479
Health insurance	22,800	19,890	19,682	208
Workers' compensation	1,250	1,270	1,363	(93)
Social Security	7,660	7,740	8,021	(281)
Professional services	1,000	300	39	261
Cable and related services	100	100	-	100
Printing and supplies	100	100	-	100
Employee training	400	200	495	(295)
Office supplies	1,300	2,400	3,068	(668)
Postage	300	50	19	31
Membership and dues	500	500	508	(8)
Travel and conferences	500	200	-	200
Telephone related services	800	1,150	932	218
Total Legal Services	<u>157,030</u>	<u>155,540</u>	<u>155,556</u>	<u>(16)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Justice and Law				
Salary and wages	375,490	368,440	351,537	16,903
Retirement	62,770	61,040	56,775	4,265
Health insurance	92,000	84,700	82,239	2,461
Workers' compensation	15,420	15,510	16,360	(850)
Social security	28,800	26,730	26,147	583
Printing and supplies	500	500	367	133
Postage	2,000	2,500	2,460	40
Membership and dues	700	500	-	500
Travel and conferences	1,500	1,500	366	1,134
Auto operating expenses	500	200	21	179
Telephone related services	8,000	8,000	8,114	(114)
Maintenance and service contracts	6,000	6,000	3,894	2,106
Machine and equipment repairs	500	100	-	100
Gas and oil	1,000	500	-	500
Employee training	1,000	1,000	-	1,000
Professional services	4,000	3,000	2,734	266
Jury vouchers	2,000	2,000	2,250	(250)
Office supplies	3,500	3,500	3,095	405
Special departmental supplies	2,500	2,000	1,880	120
Total Justice and Law	608,180	587,720	558,239	29,481
City Manager				
Salary and wages	567,390	687,860	656,487	31,373
Retirement	99,990	127,200	111,994	15,206
Health insurance	60,790	67,350	54,747	12,603
Workers' compensation	9,660	9,710	10,225	(515)
Social security	40,280	49,360	48,016	1,344
Printing and supplies	1,000	800	-	800
Postage	1,000	1,000	389	611
Membership and dues	1,500	1,500	143	1,357
Travel and conferences	4,000	4,000	1,743	2,257
Lease payments	4,200	4,200	4,620	(420)
Auto operating expenses	1,000	1,000	9	991
Telephone related services	7,000	13,000	11,515	1,485
Farmers Market operations	21,600	61,300	42,837	18,463
Maintenance and service contracts	3,000	3,000	1,964	1,036

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
City Manager--continued				
Employee training	5,000	5,000	1,204	3,796
Professional services	1,000	1,000	25	975
Office supplies	3,000	3,000	724	2,276
Special departmental supplies	4,500	4,500	1,941	2,559
Gas and oil	1,000	1,000	-	1,000
Total City Manager	836,910	1,045,780	948,583	97,197
Finance				
Salary and wages	685,800	672,961	595,331	77,630
Retirement	113,580	113,400	96,621	16,779
Health insurance	88,740	79,000	65,121	13,879
Workers' compensation	15,420	16,361	16,360	1
Social security	50,280	49,600	45,262	4,338
Printing and supplies	6,000	6,170	6,169	1
Postage	10,000	12,500	11,236	1,264
Membership and dues	4,000	4,000	3,767	233
Travel and conferences	3,500	3,000	3,188	(188)
Auto operating expenses	300	300	174	126
Telephone related services	10,000	10,470	10,645	(175)
Maintenance and service contracts	9,500	11,835	12,235	(400)
Machine and equipment repairs	500	463	463	-
Cable and related services	3,000	3,000	2,290	710
Public notices	1,000	1,000	80	920
Employee training	5,000	5,000	4,649	351
Professional services	1,000	530	690	(160)
Tax billing and collections	59,100	61,900	61,900	-
Office supplies	12,000	11,000	9,331	1,669
Special departmental supplies	1,250	3,450	3,746	(296)
Gas and oil	500	500	415	85
Total Finance	1,080,470	1,066,440	949,673	116,767

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Personnel				
Salary and wages	291,580	262,780	262,567	213
Retirement	48,290	47,070	42,552	4,518
Health insurance	48,600	38,000	25,759	12,241
Workers' compensation	8,690	8,760	9,251	(491)
Social security	21,490	21,000	20,159	841
Printing and supplies	5,000	6,000	5,502	498
Postage	2,500	2,500	2,499	1
Membership and dues	1,500	1,500	704	796
Travel and conferences	2,500	500	981	(481)
Auto operating expenses	1,000	1,000	20	980
Telephone related services	5,000	5,000	5,037	(37)
Maintenance and service contracts	8,000	8,000	6,743	1,257
Public notices	19,000	19,000	15,403	3,597
Employee training	3,000	1,500	1,612	(112)
Professional services	63,000	78,500	81,698	(3,198)
Medical expenses	35,000	39,500	39,596	(96)
Office supplies	5,000	8,500	3,811	4,689
Gas and oil	1,000	1,000	32	968
Capital outlay	-	14,260	10,692	3,568
Total Personnel	570,150	564,370	534,618	29,752
Community Service				
Salary and wages	301,980	287,410	252,270	35,140
Retirement	50,030	43,780	40,834	2,946
Health insurance	49,970	45,920	38,370	7,550
Workers' compensation	11,580	11,640	12,270	(630)
Social security	22,690	19,760	19,363	397
Printing and supplies	500	500	159	341
Postage	250	250	95	155
Membership and dues	2,000	530	450	80
Travel and conferences	1,500	-	-	-
Auto operating expenses	4,500	3,500	2,013	1,487
Telephone related services	7,000	8,470	8,265	205
Radio maintenance	10	10	-	10
Maintenance and service contracts	200	200	-	200
Public notices	700	2,700	726	1,974

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Community Service--continued				
Uniform and clothing	3,800	3,430	3,186	244
Employee training	1,500	200	31	169
Professional services	2,500	3,000	2,805	195
Office supplies	300	300	-	300
Special departmental supplies	2,000	1,000	805	195
Property management expenses	12,000	13,000	12,484	516
Gas and oil	6,400	8,070	8,720	(650)
Total Community Service	481,410	453,670	402,846	50,824
Urban Planning & Development				
Salary and wages	360,810	360,140	348,479	11,661
Retirement	59,670	59,740	55,864	3,876
Health insurance	50,420	37,800	36,324	1,476
Workers' compensation	6,400	6,450	6,817	(367)
Social security	27,200	27,120	26,955	165
Printing and supplies	2,000	2,000	1,335	665
Postage	1,500	2,000	1,774	226
Membership and dues	4,000	4,000	3,229	771
Travel and conferences	2,000	1,000	294	706
Auto operating expenses	1,800	800	240	560
Telephone related services	5,500	6,000	5,766	234
Maintenance and service contracts	4,500	6,500	6,136	364
Public notices	5,000	5,500	5,380	120
Uniform and clothing	100	100	-	100
Employee training	2,700	1,700	881	819
Professional services	2,000	307,000	85,338	221,662
Office supplies	5,000	4,500	2,732	1,768
Special departmental supplies	2,000	2,000	623	1,377
Gas and oil	1,000	1,000	680	320
Total Urban Planning & Development	543,600	835,350	588,847	246,503

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Building Inspections & Permits				
Salary and wages	250,630	241,110	189,364	51,746
Retirement	43,640	40,200	30,897	9,303
Health insurance	47,400	30,460	22,040	8,420
Workers' compensation	12,310	12,380	13,049	(669)
Social security	18,770	17,830	14,655	3,175
Printing and supplies	2,000	1,000	(81)	1,081
Postage	1,500	500	2	498
Membership and dues	1,000	1,000	260	740
Auto operating expenses	4,500	4,000	335	3,665
Telephone related services	5,000	5,000	4,272	728
Maintenance and service contracts	3,200	1,700	906	794
Uniform and clothing	1,500	1,500	897	603
Employee training	4,000	4,000	2,433	1,567
Professional services	126,000	126,000	88,018	37,982
Special departmental supplies	3,500	3,500	1,239	2,261
Gas and oil	4,000	4,000	4,136	(136)
Capital outlay	-	3,000	-	3,000
Total Building Inspections & Permits	528,950	497,180	372,422	124,758
	-	-		
Total General Government	5,129,150	5,531,610	4,803,374	728,236
Public safety				
Police				
Salary and wages	6,481,760	6,060,110	5,647,044	413,066
Retirement	1,226,540	1,155,730	1,062,750	92,980
Health insurance	1,037,600	941,310	824,229	117,081
Workers' compensation	241,680	256,310	256,307	3
Social security	477,870	450,120	436,407	13,713
Printing and supplies	5,000	5,000	3,491	1,509
Postage	3,500	3,500	2,310	1,190
Membership and dues	2,500	2,500	1,941	559
Travel and conferences	4,000	4,000	3,254	746
Auto operating expenses	90,000	75,000	50,425	24,575
Electricity	20,000	20,000	15,892	4,108

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public safety--continued				
Police--continued				
Telephone related services	115,000	105,000	85,272	19,728
Cable and related services	5,500	5,500	2,615	2,885
Radio maintenance	5,000	2,900	515	2,385
Maintenance and service contracts	45,500	55,500	49,025	6,475
Maintenance and equipment repairs	5,000	5,000	3,404	1,596
Building and maintenance	2,000	2,000	-	2,000
Uniform and clothing	75,000	70,000	55,265	14,735
Prisoner housing	200,000	139,775	121,553	18,222
Inmate services	1,000	1,000	-	1,000
Rent payments	29,100	29,100	29,100	-
Employee training	15,000	15,000	10,624	4,376
Professional services	20,000	22,100	22,007	93
PAL expenses	2,500	1,500	-	1,500
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	65,000	60,000	57,371	2,629
Gas and oil	200,000	255,225	294,833	(39,608)
Water usage	4,500	4,500	3,252	1,248
Grant expenditures	12,000	12,000	95,712	(83,712)
Capital outlay	-	553,000	446,259	106,741
Total Police	10,393,550	10,313,680	9,580,857	732,823
Fire				
Salary and wages	4,510,070	4,503,240	4,285,341	217,899
Retirement	868,320	857,210	805,311	51,899
Health insurance	850,080	795,950	743,881	52,069
Workers' compensation	132,640	133,380	140,716	(7,336)
Social security	324,560	330,580	324,460	6,120
Printing and supplies	1,000	120	118	2
Janitorial/sanitary supplies	14,500	11,000	10,528	472
Postage	150	150	47	103
Membership and dues	1,350	850	491	359
Auto operating expenses	62,000	87,000	74,464	12,536
Electricity	52,000	45,700	42,660	3,040
Telephone related services	43,000	47,000	46,893	107
Heating fuel	18,500	21,000	20,564	436
Fire prevention	9,500	2,800	2,391	409
Risk management	6,500	1,800	1,717	83

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public safety--continued				
Fire--continued				
Radio maintenance	6,500	3,000	2,527	473
Maintenance and service contracts	25,050	14,950	14,938	12
Maintenance and equipment repairs	17,000	8,900	8,699	201
Building and maintenance	22,000	15,000	14,792	208
Uniform and clothing	37,000	32,000	30,691	1,309
Rent payments	7,000	6,000	5,000	1,000
Employee training	17,000	17,150	14,067	3,083
Professional services	9,500	9,780	9,743	37
Personal protective equipment	48,000	85,000	45,963	39,037
Special departmental supplies	40,000	54,430	34,346	20,084
Gas and oil	52,500	59,500	61,175	(1,675)
Water usage	23,000	23,000	22,061	939
Capital outlay	15,500	211,070	194,762	16,308
Total Fire	<u>7,214,220</u>	<u>7,377,560</u>	<u>6,958,346</u>	<u>419,214</u>
Total Public Safety	<u>17,607,770</u>	<u>17,691,240</u>	<u>16,539,203</u>	<u>1,152,037</u>
Public works				
Streets and Beautification				
Salary and wages	1,944,210	1,850,470	1,709,131	141,339
Retirement	321,680	307,150	275,955	31,195
Health insurance	404,500	373,570	327,373	46,197
Workers' compensation	55,520	55,840	58,916	(3,076)
Social security	143,400	136,760	130,766	5,994
Printing and supplies	500	500	-	500
Office supplies	4,000	4,000	3,764	236
Janitorial supplies	15,000	10,500	11,237	(737)
Safety supplies	4,000	3,000	2,971	29
Postage	100	100	61	39
Membership and dues	500	500	30	470
Auto operating expenses	35,000	45,000	45,194	(194)
Electricity	40,000	40,000	38,338	1,662
Telephone related services	13,000	13,000	13,080	(80)
Radio maintenance	5,000	600	327	273
Maintenance and service contracts	4,900	6,500	5,907	593
Maintenance and equipment repairs	76,000	63,200	60,442	2,758
Building and maintenance	25,000	18,500	16,568	1,932

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Streets and Beautification--continued				
Tree beautification	5,000	7,300	7,295	5
Sign shop supplies	7,000	5,500	5,418	82
Medical expenses	30,000	31,500	29,541	1,959
Uniform and clothing	35,000	30,000	28,666	1,334
Inmate services	33,000	9,400	9,315	85
Chemicals	10,000	10,000	9,485	515
Paving materials and supplies	10,000	7,500	7,075	425
Irrigation materials and supplies	2,000	2,000	432	1,568
Turf & landscape supplies	23,000	25,200	24,670	530
Employee training	1,000	1,000	675	325
Professional services	50,000	86,600	44,658	41,942
Special departmental supplies	50,000	35,000	34,912	88
Gas and oil	75,000	115,600	133,012	(17,412)
Water usage	22,500	24,500	23,543	957
Capital outlay	58,000	298,000	150,121	147,879
Total Streets and Beautification	3,503,810	3,618,290	3,208,878	409,412
Sanitation				
Salary and wages	1,140,060	1,089,010	989,041	99,969
Retirement	189,410	181,560	158,446	23,114
Health insurance	209,040	225,450	194,530	30,920
Workers' compensation	41,670	41,900	44,211	(2,311)
Social security	85,080	84,020	74,817	9,203
Printing and supplies	800	800	458	342
Postage	100	100	54	46
Membership and dues	100	100	-	100
Auto operating expenses	190,000	225,000	221,839	3,161
Telephone related services	6,500	6,500	6,217	283
Radio maintenance	6,000	9,500	9,028	472
Maintenance and service contracts	3,000	3,000	1,581	1,419
Maintenance and equipment repairs	100,000	50,500	35,975	14,525
Landfill services	1,760,000	1,760,000	1,610,427	149,573
Uniform and clothing	25,000	25,000	22,484	2,516
Office supplies	1,500	1,500	466	1,034
Compost supplies	500	500	-	500
Safety supplies	3,500	3,500	2,240	1,260
Public notices	5,000	5,000	2,367	2,633
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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Sanitation--continued				
Professional services	1,000	154,000	101,016	52,984
Special departmental supplies	10,000	14,000	10,720	3,280
Gas and oil	200,000	251,000	288,357	(37,357)
Capital outlay	7,000	493,500	395,534	97,966
Total Sanitation	<u>3,985,410</u>	<u>4,625,590</u>	<u>4,169,808</u>	<u>455,782</u>
Equipment Maintenance				
Salary and wages	373,090	357,000	339,937	17,063
Retirement	61,080	58,690	54,289	4,401
Health insurance	70,000	68,850	61,874	6,976
Workers' compensation	10,770	10,820	11,394	(574)
Social security	27,500	25,890	25,502	388
Auto operating expenses	2,500	4,600	4,756	(156)
Telephone related services	2,200	2,400	2,428	(28)
Heating fuel	4,200	4,200	3,618	582
Radio maintenance	700	700	-	700
Maintenance and service contracts	2,800	2,300	1,145	1,155
Maintenance and equipment repairs	500	100	97	3
Uniform and clothing	6,500	4,300	4,174	126
Office supplies	2,000	1,000	-	1,000
Janitorial supplies	500	500	-	500
Safety supplies	800	700	623	77
Employee training	500	300	198	102
Professional services	2,400	2,000	1,931	69
Special departmental supplies	19,000	15,000	14,348	652
Gas and oil	5,500	10,900	12,454	(1,554)
Capital outlay	-	37,600	1,161	36,439
Total Equipment Maintenance	<u>592,540</u>	<u>607,850</u>	<u>539,929</u>	<u>67,921</u>
Total Public Works	<u>8,081,760</u>	<u>8,851,730</u>	<u>7,918,615</u>	<u>933,115</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation				
Parks and Leisure Services				
Salary and wages	658,990	620,450	473,371	147,079
Retirement	92,490	91,140	75,048	16,092
Health insurance	128,860	124,800	90,739	34,061
Workers' compensation	56,020	56,320	59,403	(3,083)
Social security	48,770	45,730	36,300	9,430
Printing and supplies	5,000	3,500	2,804	696
Postage	500	500	96	404
Membership and dues	1,200	1,200	481	719
Travel and conferences	5,400	1,400	-	1,400
Auto operating expenses	11,000	11,000	4,273	6,727
Electricity	81,500	81,500	81,218	282
Telephone related services	15,700	31,700	30,727	973
Cable and related services	6,900	7,900	7,647	253
Maintenance and service contracts	16,500	17,500	14,835	2,665
Maintenance and equipment repairs	2,500	2,500	873	1,627
Building maintenance	24,500	26,500	16,976	9,524
Facility and park maintenance	7,500	7,500	7,086	414
Uniforms and clothing	6,000	6,000	4,349	1,651
Office supplies	4,500	4,500	4,054	446
Safety supplies	600	600	252	348
Janitorial services and supplies	10,000	8,000	7,523	477
Athletic field supplies	2,000	2,000	-	2,000
Irrigation supplies	500	500	-	500
Inmate services	500	500	-	500
Food and supplies	4,000	4,000	3,803	197
Employee training	3,500	4,500	3,570	930
Professional services	5,000	5,000	4,828	172
Contracted instructors	25,000	25,000	21,984	3,016
Special departmental supplies	25,000	25,000	23,218	1,782
Gas and oil	28,500	15,500	17,333	(1,833)
Water usage	21,000	22,500	22,462	38
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	-	-	-
Grant expenditures	41,000	59,000	19,326	39,674
Capital outlay	-	96,500	-	96,500
Total Parks and Leisure Services	1,363,430	1,431,240	1,055,579	375,661

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs				
Salary and wages	819,560	843,830	754,554	89,276
Retirement	107,150	116,460	118,492	(2,032)
Health insurance	124,000	112,980	94,981	17,999
Workers' compensation	94,580	95,140	100,400	(5,260)
Social security	59,580	62,500	57,718	4,782
Printing and supplies	1,500	1,400	947	453
Postage	500	500	39	461
Membership and dues	2,500	2,500	1,885	615
Travel and conferences	6,500	1,400	1,167	233
Auto operating expenses	6,000	6,000	5,746	254
Electricity	265,000	265,000	232,254	32,746
Telephone related services	10,500	22,500	20,016	2,484
Cable and related services	9,000	9,000	6,205	2,795
Maintenance and service contracts	53,600	56,100	38,910	17,190
Maintenance and equipment repairs	7,000	10,000	7,033	2,967
Radio repairs and maintenance	1,000	1,000	-	1,000
Building maintenance	2,000	500	477	23
Facility and park maintenance	40,000	34,800	32,452	2,348
Tree beautification	6,000	6,000	450	5,550
Uniforms and clothing	10,000	7,000	4,737	2,263
Inmate services	20,000	20,000	19,425	575
Office supplies	2,000	2,100	2,139	(39)
Safety supplies	1,000	1,000	527	473
Janitorial services and supplies	20,000	21,500	21,178	322
Athletic field supplies	17,000	15,000	12,358	2,642
Food and supplies	30,000	29,175	23,738	5,437
Employee training	3,500	2,200	996	1,204
Professional services	32,000	32,000	23,501	8,499
Special departmental supplies	5,500	2,600	2,006	594
Irrigation parts and supplies	5,000	7,000	7,363	(363)
Pro shop supplies	14,000	14,825	14,790	35
Stadium commission	8,100	8,200	8,200	-
Athletic expenses	10,000	9,900	5,013	4,887
Gymnastic expenses	4,000	1,500	1,487	13
Tennis center expenses	15,000	13,500	13,325	175
Freedom Florence expenses	14,000	14,500	14,093	407
Gymnasium expenses	10,000	12,500	12,298	202
Soccer expenses	10,000	7,500	5,808	1,692
Gas and oil	11,000	17,500	17,907	(407)
Water usage	60,000	54,000	45,789	8,211
Marketing and promotion	123,000	130,000	49,610	80,390

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs--continued				
Tournaments	5,000	15,000	5,200	9,800
Capital outlay	65,000	1,086,800	82,900	1,003,900
Total Athletic Programs	2,111,070	3,172,910	1,868,114	1,304,796
Total Culture and Recreation	3,474,500	4,604,150	2,923,693	1,680,457
Non-Departmental				
Employee relations	50,000	45,000	35,585	9,415
Unemployment compensation	5,000	3,000	-	3,000
OPEB expense	765,400	765,400	858,176	(92,776)
Employee assistance	-	-	11,150	(11,150)
Property and liability insurance	583,000	583,000	739,602	(156,602)
Small claims	125,000	155,000	157,819	(2,819)
Employee W/C small claims	70,000	90,000	141,122	(51,122)
Bank charges	-	-	(88)	88
Credit card fees	48,000	48,000	52,504	(4,504)
Boys and Girls Club	20,000	20,000	20,000	-
Transit system	218,000	218,000	218,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Property acquisition expenditures	-	1,158,000	575,415	582,585
NOU Homeless program	75,000	75,000	75,000	-
Florence Family Support Ctr	11,000	11,000	11,000	-
My Brother's Keeper	20,000	20,000	20,000	-
COVID CARES Supplement	-	5,000	8,754	(3,754)
Foster Care Clothing Closet	7,000	7,000	5,250	1,750
Pee Dee Coalition	5,000	5,000	3,750	1,250
Dargan Street Incubator	100,900	90,900	102,406	(11,506)
Farmers Market expenses	40,000	1,000	891	109
Contingency	100,000	583,810	-	583,810
Street lights	1,006,000	960,000	984,399	(24,399)
Tank Site development	-	-	61	(61)
Animal Shelter Improvements	-	10,000	-	10,000
Recreation Facilities Rehab	5,000	36,700	14,622	22,078
Management software expenditures	208,000	214,000	119,558	94,442
Health services	75,000	75,000	84,937	(9,937)

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Non-Departmental--continued				
Fire district tax reimbursement	500	-	-	-
IT support services	311,000	347,000	358,745	(11,745)
Legal services	65,000	65,000	63,581	1,419
Downtown revitalization	-	-	1,323	(1,323)
Parks/Facilities improvements	-	-	13,331,000	(13,331,000)
Fire stations	-	-	4,291,006	(4,291,006)
Parking garage	-	-	518,247	(518,247)
Property clearing/demolition	-	-	77,155	(77,155)
Special projects	80,000	80,000	28,234	51,766
Other recreation programs	-	-	290,590	(290,590)
Downtown promotions	35,000	29,000	26,594	2,406
BTC parking lease	63,000	63,000	57,750	5,250
FMU appropriations	-	1,505,000	-	1,505,000
City Center operations	350,000	340,000	329,791	10,209
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>4,456,800</u>	<u>7,623,810</u>	<u>23,628,929</u>	<u>(16,005,119)</u>
Debt Service				
Principal	2,274,800	2,400,500	1,888,065	512,435
Interest	-	-	1,497,992	(1,497,992)
Total Debt Service	<u>2,274,800</u>	<u>2,400,500</u>	<u>3,386,057</u>	<u>(985,557)</u>
TOTAL EXPENDITURES	<u>41,024,780</u>	<u>46,703,040</u>	<u>59,199,871</u>	<u>(12,496,831)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>(6,078,180)</u>	<u>(10,486,740)</u>	<u>(14,448,896)</u>	<u>(3,962,156)</u>
Other Financing Sources				
Capital leases	-	-	2,875,000	2,875,000
Proceeds from sale of property	-	-	74,585	74,585
Proceeds from insurance settlements	165,000	15,000	238,611	223,611
Transfers in (out)	5,921,180	5,911,180	(18,661,238)	(24,572,418)
Appropriation of fund balance	-	4,560,560	-	(4,560,560)
Total Other Financing Sources	<u>6,086,180</u>	<u>10,486,740</u>	<u>(15,473,042)</u>	<u>(25,959,782)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGES IN FUND BALANCE	8,000	-	(29,921,938)	(29,921,938)
Fund balance at beginning of year, as restated	<u>51,252,074</u>	<u>51,252,074</u>	<u>51,252,074</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 51,260,074</u>	<u>\$ 51,252,074</u>	<u>\$ 21,330,136</u>	<u>\$ (29,921,938)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 18,776,000	\$ 18,824,600	\$ 18,404,218	\$ (420,382)
Sewer service fees	20,466,000	21,926,000	21,346,366	(579,634)
Cut on fees	220,000	164,000	170,550	6,550
Water tap fees	775,000	919,000	986,252	67,252
Sewer tap fees	345,000	285,000	282,621	(2,379)
Service charges	265,000	321,000	285,224	(35,776)
Late fees	440,000	366,000	405,777	39,777
Miscellaneous	254,000	69,000	(51,865)	(120,865)
Total Operating Revenues	<u>41,541,000</u>	<u>42,874,600</u>	<u>41,829,143</u>	<u>(1,045,457)</u>
Operating Expenses				
Engineering				
Salary and wages	918,200	848,220	852,309	(4,089)
Retirement	151,960	141,480	138,018	3,462
Health insurance	123,810	108,820	104,789	4,031
Workers' compensation	16,980	17,080	18,016	(936)
Social security	68,300	60,300	65,705	(5,405)
Printing and supplies	5,000	5,000	4,703	297
Postage	300	300	17	283
Membership and dues	1,500	1,500	795	705
Auto operating expenses	4,500	4,500	2,174	2,326
Electricity	30,000	27,100	24,636	2,464
Travel and conferences	1,500	1,500	825	675
Telephone related services	15,000	17,900	17,894	6
Radio maintenance	500	500	-	500
Maintenance and service contracts	50,000	50,000	49,410	590
Building maintenance	5,000	5,000	-	5,000
Uniforms and clothing	2,000	500	378	122
Public notices	200	200	-	200
Employee training	7,000	10,500	10,411	89
Professional services	105,000	105,000	103,855	1,145
Special departmental supplies	8,000	6,000	5,888	112
Gas and oil	13,500	13,500	12,551	949
Total Engineering	<u>1,528,250</u>	<u>1,424,900</u>	<u>1,412,374</u>	<u>12,526</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Utility Finance				
Salary and wages	1,466,610	1,372,640	1,246,607	126,033
Retirement	242,910	227,840	202,682	25,158
Health insurance	290,600	253,970	212,482	41,488
Workers' compensation	40,170	40,410	42,653	(2,243)
Social security	109,300	102,020	96,059	5,961
Printing and supplies	10,000	16,000	15,424	576
Office supplies	16,000	16,000	12,763	3,237
Postage	42,500	42,500	32,998	9,502
Membership and dues	1,700	1,700	86	1,614
Travel and conferences	2,500	2,500	-	2,500
Auto operating expenses	27,000	24,000	35,007	(11,007)
Other maintenance and repairs	3,500	3,500	-	3,500
Telephone related services	31,000	38,000	35,844	2,156
Maintenance and service contracts	74,750	65,000	17,718	47,282
Employee training	3,200	2,000	-	2,000
Professional services	-	28,000	84,957	(56,957)
Utility billing	275,830	260,000	227,233	32,767
Special departmental supplies	20,000	15,000	8,677	6,323
Meters, parts and supplies	90,000	93,950	94,188	(238)
Uniforms and clothing	16,000	16,000	11,902	4,098
Gas and oil	45,000	62,000	69,474	(7,474)
Total Utility Finance	<u>2,808,570</u>	<u>2,683,030</u>	<u>2,446,754</u>	<u>236,276</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Wastewater Treatment				
Salary and wages	1,581,180	1,433,810	1,181,283	252,527
Retirement	261,950	237,840	192,034	45,806
Health insurance	286,840	249,570	193,967	55,603
Workers' compensation	44,130	44,390	46,840	(2,450)
Social security	115,970	104,760	89,484	15,276
Printing and supplies	2,000	2,350	2,122	228
Postage	1,600	1,250	1,195	55
Membership and dues	12,000	12,000	11,041	959
Auto operating expenses	10,000	19,000	18,300	700
Electricity	1,375,300	1,225,300	1,279,932	(54,632)
Heating fuel	15,000	9,600	8,400	1,200
Telephone related services	14,000	22,900	23,465	(565)
Radio maintenance	500	-	-	-
Maintenance and service contracts	60,000	53,500	54,770	(1,270)
Machine and equipment repairs	450,000	840,000	728,076	111,924
Building maintenance	5,000	22,000	21,708	292
Landfill services	360,000	493,000	730,323	(237,323)
Uniforms and clothing	18,000	18,000	15,504	2,496
Chemicals	215,000	235,000	248,536	(13,536)
Lab supplies	34,000	40,000	43,458	(3,458)
Employee training	15,000	22,330	17,392	4,938
Professional services	65,000	65,000	98,618	(33,618)
Special departmental supplies	70,000	90,000	64,255	25,745
Gas and oil	38,000	61,000	62,786	(1,786)
Water usage	14,000	26,500	26,470	30
Upgrade and painting	300,000	855,670	-	855,670
Total Wastewater Treatment	5,364,470	6,184,770	5,159,959	1,024,811

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Water Production - Surface Water				
Salary and wages	554,690	499,480	505,114	(5,634)
Retirement	91,880	81,930	79,340	2,590
Health insurance	102,440	84,890	75,058	9,832
Workers' compensation	13,880	13,950	14,705	(755)
Social security	41,060	36,810	38,104	(1,294)
Printing and supplies	800	3,020	2,944	76
Postage	140	300	222	78
Membership and dues	750	2,250	2,144	106
Auto operating expenses	2,000	2,000	1,343	657
Electricity	556,000	366,520	365,320	1,200
Telephone related services	10,000	10,300	10,486	(186)
Heating fuel	20,000	15,500	14,983	517
Radio maintenance	500	200	-	200
Maintenance and service contracts	10,000	26,360	24,277	2,083
Machine and equipment repairs	142,260	199,160	169,179	29,981
Building maintenance	30,000	33,110	34,255	(1,145)
Uniform and clothing	7,000	7,000	5,617	1,383
Chemicals	362,000	573,000	669,240	(96,240)
Lab supplies	50,000	91,000	89,332	1,668
Employee training	3,000	4,210	6,157	(1,947)
Professional services	25,000	21,890	19,888	2,002
Special departmental supplies	15,000	15,000	12,416	2,584
Gas and oil	4,000	30,200	30,963	(763)
Water usage	1,800	1,590	1,329	261
Upgrade and painting	503,000	340,640	-	340,640
Total Water Production - Surface Water	2,547,200	2,460,310	2,172,416	287,894

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Water Production - Ground Water				
Salary and wages	395,080	374,970	293,766	81,204
Retirement	65,430	62,170	47,612	14,558
Health insurance	73,880	68,140	51,249	16,891
Workers' compensation	11,700	11,740	12,367	(627)
Social security	29,320	27,750	22,576	5,174
Postage	170	170	17	153
Membership and dues	600	670	670	-
Auto operating expenses	5,000	10,240	10,148	92
Electricity	570,500	841,810	844,921	(3,111)
Telephone related services	40,000	18,910	17,331	1,579
Heating fuel	200	550	583	(33)
Radio maintenance	400	400	-	400
Machine and equipment repairs	80,000	80,000	116,446	(36,446)
Building maintenance	3,000	8,850	8,821	29
Uniform and clothing	5,000	6,200	5,830	370
Chemicals	75,000	116,500	125,419	(8,919)
Lab supplies	14,500	800	734	66
Employee training	3,000	1,730	890	840
Professional services	75,000	86,000	85,618	382
Well repairs	121,600	96,790	53,209	43,581
Special departmental supplies	5,500	15,500	8,938	6,562
Gas and oil	17,000	30,700	31,486	(786)
Water usage	8,500	8,150	8,413	(263)
Upgrade and painting	175,000	175,000	-	175,000
Total Water Production - Ground Water	1,775,380	2,043,740	1,747,044	296,696

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Distribution Operations				
Salary and wages	1,150,380	1,008,620	909,493	99,127
Retirement	190,570	166,330	146,681	19,649
Health insurance	243,070	176,740	145,749	30,991
Workers' compensation	32,560	32,650	34,570	(1,920)
Social security	85,550	75,230	70,116	5,114
Printing and supplies	7,550	7,650	7,906	(256)
Postage	150	150	34	116
Membership and dues	1,060	1,060	388	672
Auto operating expenses	25,500	30,500	32,160	(1,660)
Electricity	10,000	8,500	8,498	2
Telephone related services	12,000	19,650	20,103	(453)
Heating fuel	7,000	3,620	3,618	2
Radio maintenance	500	380	-	380
Maintenance and service contracts	4,000	8,065	8,021	44
Maintenance and equipment repairs	36,000	47,000	42,591	4,409
Building maintenance	20,000	72,900	48,227	24,673
Uniform and clothing	19,000	17,500	15,948	1,552
Meters, parts and supplies	90,000	78,000	96,658	(18,658)
Pipe fittings and hydrants	225,000	205,000	281,946	(76,946)
Paving materials and supplies	15,000	18,000	16,227	1,773
Employee training	3,000	2,760	4,558	(1,798)
Professional services	15,000	16,370	73,539	(57,169)
Special departmental supplies	40,000	48,000	47,872	128
Gas and oil	50,000	95,000	96,932	(1,932)
Water usage	12,000	10,555	10,555	-
Total Distribution Operations	<u>2,294,890</u>	<u>2,150,230</u>	<u>2,122,390</u>	<u>27,840</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Collection Operations				
Salary and wages	707,800	642,700	557,379	85,321
Retirement	117,280	106,690	90,834	15,856
Health insurance	148,720	135,870	122,015	13,855
Workers' compensation	21,610	21,710	22,885	(1,175)
Social security	51,960	46,850	41,947	4,903
Printing and supplies	700	700	-	700
Postage	50	50	8	42
Membership and dues	500	500	35	465
Auto operating expenses	33,000	38,500	37,019	1,481
Telephone related services	4,000	6,500	6,636	(136)
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	33,000	55,580	48,490	7,090
Uniform and clothing	11,000	10,000	8,839	1,161
Pipe fittings and hydrants	100,000	40,000	42,876	(2,876)
Paving materials and supplies	56,000	51,000	55,083	(4,083)
Employee training	2,500	1,000	450	550
Professional services	5,200	9,700	3,583	6,117
Special departmental supplies	30,000	25,000	24,207	793
Gas and oil	40,000	76,500	78,541	(2,041)
Machines and equipment	-	920	914	6
Total Collection Operations	<u>1,363,820</u>	<u>1,270,270</u>	<u>1,141,741</u>	<u>128,529</u>
Non-Departmental				
Depreciation and amortization	6,100,400	5,900,200	9,907,147	(4,006,947)
Bank charges	45,000	30,000	35,550	(5,550)
Credit card fees	200,000	265,000	281,337	(16,337)
Employee relations	55,000	50,000	22,165	27,835
Unemployment compensation	2,000	2,000	-	2,000
Other post employment benefits	287,100	287,100	130,887	156,213
GASB 68 pension expense	-	-	(458,511)	458,511
Property and liability insurance	435,000	435,000	536,679	(101,679)
Small claims	105,000	100,000	64,302	35,698
Employee W/C small claims	35,000	30,000	41,720	(11,720)
Legal services	65,000	65,000	63,581	1,419
City Center operations	350,000	350,000	134,691	215,309
Contingency	149,920	950	-	950
Tank Site development	-	-	61	(61)

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Non-Departmental--continued				
IT support services	311,000	311,000	320,757	(9,757)
IT upgrade	-	43,000	8,460	34,540
Management system software	198,500	215,500	144,384	71,116
Health services	75,000	75,000	84,937	(9,937)
Professional fees	750,000	1,150,000	593,493	556,507
Special projects	140,000	140,000	91,878	48,122
Total Non-Departmental	<u>9,303,920</u>	<u>9,449,750</u>	<u>12,003,518</u>	<u>(2,553,768)</u>
TOTAL OPERATING EXPENSES	<u>26,986,500</u>	<u>27,667,000</u>	<u>28,206,196</u>	<u>(539,196)</u>
OPERATING INCOME	<u>14,554,500</u>	<u>15,207,600</u>	<u>13,622,947</u>	<u>(1,584,653)</u>
Non-Operating Revenues (Expenses)				
Investment earnings	100,000	7,000	(62,313)	(69,313)
Intergovernmental revenues	-	-	384,702	384,702
Economic development	(1,000,000)	(7,200,000)	(6,538,323)	661,677
Miscellaneous revenues	-	-	69,959	69,959
Gain on disposal of assets	-	-	19,039	19,039
Interest expense	-	-	(3,054,638)	(3,054,638)
Appropriation of net position	-	(619,200)	-	619,200
Total Non-Operating (Expenses)	<u>(900,000)</u>	<u>(7,812,200)</u>	<u>(9,181,574)</u>	<u>(1,369,374)</u>
INCOME BEFORE TRANSFERS	13,654,500	7,395,400	4,441,373	(2,954,027)
TRANSFERS IN (OUT)	<u>(13,654,500)</u>	<u>(7,395,400)</u>	<u>1,567,323</u>	<u>8,962,723</u>
CHANGES IN NET POSITION	-	-	6,008,696	6,008,696
Net position at beginning of year, as restated	<u>152,561,902</u>	<u>152,561,902</u>	<u>152,561,902</u>	-
NET POSITION AT END OF YEAR	<u>\$ 152,561,902</u>	<u>\$ 152,561,902</u>	<u>\$ 158,570,598</u>	<u>\$ 6,008,696</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Proprietary Fund - Storm Water Utility Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,579,500	\$ 1,552,000	\$ 1,613,654	\$ 61,654
Miscellaneous	17,500	15,000	88,915	73,915
Total Operating Revenues	<u>1,597,000</u>	<u>1,567,000</u>	<u>1,702,569</u>	<u>135,569</u>
Operating Expenses				
Salary and wages	377,090	365,370	320,047	45,323
Retirement	62,500	60,640	50,562	10,078
Health insurance	71,550	60,540	54,756	5,784
Workers' compensation	12,310	12,510	13,341	(831)
Social security	27,950	27,290	25,808	1,482
Printing and supplies	500	500	-	500
Membership and dues	500	500	-	500
Postage	200	200	17	183
Auto operating expenses	20,430	30,430	26,187	4,243
Electricity	4,000	4,300	4,208	92
Telephone related services	2,500	1,000	780	220
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	28,250	18,250	17,692	558
Uniforms and clothing	5,000	5,000	4,291	709
Pipe fittings and hydrants	12,700	6,200	3,921	2,279
Employee training	1,600	600	300	300
Professional services	24,730	27,430	98,726	(71,296)
Special departmental supplies	15,200	7,700	3,643	4,057
Gas and oil	35,000	48,500	49,741	(1,241)
Depreciation	-	-	206,665	(206,665)
Bank charges	3,400	3,800	3,800	-
Employee relations	2,000	2,000	1,566	434
Property and liability insurance	13,000	13,000	16,071	(3,071)
Other post employment benefits	10,690	10,690	18,697	(8,007)
GASB 68 pension expense	-	-	(108,566)	108,566
TOTAL OPERATING EXPENSES	<u>731,600</u>	<u>706,950</u>	<u>812,253</u>	<u>(105,303)</u>
OPERATING INCOME	<u>865,400</u>	<u>860,050</u>	<u>890,316</u>	<u>30,266</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Storm Water Utility Fund
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	1,000	450	18,844	18,394
Interest expense	<u>-</u>	<u>(71,000)</u>	<u>(181,855)</u>	<u>(110,855)</u>
Total Non-Operating Revenues (Expenses)	<u>1,000</u>	<u>(70,550)</u>	<u>(163,011)</u>	<u>(92,461)</u>
INCOME BEFORE TRANSFERS	866,400	789,500	727,305	(62,195)
TRANSFERS OUT	<u>(866,400)</u>	<u>(789,500)</u>	<u>(52,237)</u>	<u>737,263</u>
CHANGES IN NET POSITION	-	-	675,068	675,068
Net position at beginning of year	<u>4,221,818</u>	<u>4,221,818</u>	<u>4,221,818</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 4,221,818</u>	<u>\$ 4,221,818</u>	<u>\$ 4,896,886</u>	<u>\$ 675,068</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			611,351	611,351
Court fines and assessments remitted to State Treasurer			336,296	336,296
Total Court Fines and Assessments retained			275,055	275,055
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			9,207	9,207
Assessments retained			30,173	30,173
Total Surcharges and Assessments retained for victim services			39,380	39,380

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	-		-
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	30,173		30,173
Victim Service Surcharges Retained by City/County Treasurer	9,207		9,207
Interest Earned	-		-
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	39,380		39,380

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	32,552		32,552
Operating Expenditures	6,828		6,828
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	39,380		39,380
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	-		-

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STATISTICAL SECTION

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<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	156
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	162
<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.	166
<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.	173
<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.	181

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

Table 01

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets, net of related debt	\$ 20,692,434	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102	\$ 38,005,596	\$ 45,883,732	\$ 51,255,140	\$ 53,146,832	\$ 55,591,432	\$ 59,062,787
Restricted	2,815,762	2,213,701	2,074,462	2,351,821	6,077,735	4,019,313	3,862,325	3,932,339	3,410,355	3,617,271
Unrestricted	8,804,690	9,331,143	(13,305,020)	(12,331,352)	(9,668,156)	(16,772,297)	(21,520,227)	(19,529,042)	(13,575,391)	(23,333,081)
Total governmental activities net position	\$ 32,312,886	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571	\$ 34,415,175	\$ 33,130,748	\$ 33,597,238	\$ 37,550,129	\$ 45,426,396	\$ 39,346,977
Business-type activities										
Invested in capital assets, net of related debt	\$ 89,407,316	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266	\$ 95,268,914	\$ 101,751,447	\$ 102,974,482	\$ 111,026,196	\$ 106,120,448	\$ 117,455,280
Restricted	4,794,542	4,704,434	10,180,548	9,760,388	9,055,832	7,988,039	7,841,160	3,889,776	4,599,746	4,429,017
Unrestricted	27,718,326	35,629,092	24,556,756	29,552,940	29,988,158	28,028,320	32,777,199	30,712,626	45,259,277	41,583,187
Total business-type activities net position	\$ 121,920,184	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594	\$ 134,312,904	\$ 137,767,806	\$ 143,592,841	\$ 145,628,598	\$ 155,979,471	\$ 163,467,484
Primary government totals										
Invested in capital assets, net of related debt	\$ 110,099,750	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368	\$ 133,274,510	\$ 147,635,179	\$ 154,229,622	\$ 164,173,028	\$ 161,711,880	\$ 176,518,067
Restricted	7,610,304	6,918,135	12,255,010	12,112,209	15,133,567	12,007,352	11,703,485	7,822,115	8,010,101	8,046,288
Unrestricted	36,523,016	44,960,235	11,251,736	17,221,588	20,320,002	11,256,023	11,256,972	11,183,584	31,683,886	18,250,106
Total primary government net position	\$ 154,233,070	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165	\$ 168,728,079	\$ 170,898,554	\$ 177,190,079	\$ 183,178,727	\$ 201,405,867	\$ 202,814,461

Table 02

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 6,224,892	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736	\$ 12,239,632	\$ 12,317,892	\$ 9,236,887	\$ 11,128,639	\$ 10,195,496	\$ 12,934,543
Public safety	14,258,623	14,418,964	14,941,776	14,544,967	14,958,057	15,066,903	14,208,407	15,338,078	17,323,051	17,557,569
Public works	5,789,957	6,893,527	6,875,207	6,646,686	6,829,919	7,500,862	6,037,673	7,797,621	7,864,732	8,070,452
Culture and recreation	4,939,601	4,767,511	4,967,947	4,954,024	4,547,612	5,088,425	4,280,394	3,546,944	3,707,902	3,669,105
Community development	730,670	1,235,708	777,787	937,622	1,550,188	2,387,177	16,067,752	3,491,822	7,960,433	11,698,721
Interest on debt	428,682	462,255	1,005,236	1,030,379	1,528,433	2,149,479	2,088,378	2,279,529	2,285,807	2,759,494
Total governmental activities expenses	32,372,425	35,225,974	37,444,921	36,758,414	41,653,841	44,510,738	51,919,491	43,582,633	49,337,421	56,689,884
Business-type activities:										
Water & Sewer	18,926,059	20,005,585	30,064,373	24,495,818	27,691,355	27,566,748	29,139,836	36,718,131	32,077,774	37,325,457
Stormwater	1,197,054	1,309,421	1,265,095	1,037,530	1,173,863	1,293,521	1,518,702	1,132,289	1,061,422	994,108
Total business-type activities expenses	20,123,113	21,315,006	31,329,468	25,533,348	28,865,218	28,860,269	30,658,538	37,850,420	33,139,196	38,319,565
Total primary government expenses	52,495,538	56,540,980	68,774,389	62,291,762	70,519,059	73,371,007	82,578,029	81,433,053	82,476,617	95,009,449
Program Revenues										
Governmental activities:										
Charges for services	15,030,057	15,232,023	15,749,432	15,884,921	17,253,231	17,282,058	18,140,380	17,771,616	18,324,617	18,794,231
Operating grants and contributions	2,362,524	1,611,072	2,475,584	2,248,462	5,562,426	2,655,631	2,712,773	2,944,931	4,413,900	4,427,069
Capital grants and contributions	111,430	-	4,799,532	189,356	5,501,991	1,051,725	941,560	85,000	1,417,451	-
Total governmental activities program revenues	17,504,011	16,843,095	23,024,548	18,322,739	28,317,648	20,989,414	21,794,713	20,801,547	24,155,968	23,221,300
Business-type activities:										
Charges for services:										
Water & Sewer	29,988,906	31,256,440	32,457,737	33,366,766	35,122,557	34,780,190	36,365,890	37,338,471	41,286,453	41,019,457
Stormwater	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619	1,351,507	1,500,912	1,613,654
Operating grants and contributions	119,553	-	-	-	-	-	-	-	-	-
Capital grants and contributions	82,545	226,298	366,838	-	-	1,190,748	191,335	3,347,746	3,338,645	-
Total business-type activities revenues	31,462,506	32,755,595	34,105,062	34,670,748	36,437,477	37,278,554	37,879,844	42,037,724	46,126,010	42,633,111
Total primary government revenues	48,966,517	49,598,690	57,129,610	52,993,487	64,755,125	58,267,968	59,674,557	62,839,271	70,281,978	65,854,411
Net (expense)/revenue										
Governmental activities	(14,868,414)	(18,382,879)	(14,420,373)	(18,435,675)	(13,336,193)	(23,521,324)	(30,124,778)	(22,781,086)	(25,181,453)	(33,468,584)
Business-type activities	11,339,393	11,440,589	2,775,594	9,137,400	7,572,259	8,418,285	7,221,306	4,187,304	12,986,814	4,313,546
Total primary government net expense	(3,529,021)	(6,942,290)	(11,644,779)	(9,298,275)	(5,763,934)	(15,103,039)	(22,903,472)	(18,593,782)	(12,194,639)	(29,155,038)

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	9,340,283	9,462,898	9,617,294	9,958,587	10,657,474	10,815,950	11,022,616	11,280,518	11,655,963	12,429,234
Hospitality Fees	3,214,470	3,396,306	3,677,328	3,863,554	4,036,958	4,101,928	4,342,184	4,205,349	4,722,870	5,351,385
Unrestricted grants and contributions	851,358	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380	9,152,620	4,659,987	4,982,456	8,233,104
Investment earnings (losses)	42,800	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,984	(48,560)
Gain/(Loss) on disposal of assets	-	-	-	-	-	-	-	146,290	114,941	(334,568)
Miscellaneous	895,937	1,112,385	793,547	745,861	593,622	1,972,958	1,366,098	2,064,819	7,453,161	9,552,570
Transfers	2,956,317	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000	3,888,000	4,080,000	(1,515,086)
Total governmental activities	<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>	<u>33,048,375</u>	<u>33,668,079</u>
Business-type activities										
Investment earnings (losses)	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725	(43,469)
Miscellaneous	977,161	897,012	1,091,191	1,074,478	987,088	842,447	1,543,536	923,686	1,365,334	898,601
Transfers	<u>(2,956,317)</u>	<u>(2,113,344)</u>	<u>(3,173,699)</u>	<u>(4,593,644)</u>	<u>(3,598,000)</u>	<u>(3,471,229)</u>	<u>(3,870,000)</u>	<u>(3,888,000)</u>	<u>(4,080,000)</u>	<u>1,515,086</u>
Total business-type activities	<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>	<u>(2,635,941)</u>	<u>2,370,218</u>
Total primary government	<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>	<u>30,412,434</u>	<u>36,038,297</u>
Changes in Net Position										
Governmental activities	2,432,751	(951,863)	5,201,592	6,443,044	15,361,604	6,857,321	466,490	3,952,891	7,866,922	199,495
Business-type activities	9,412,422	10,255,658	770,807	5,794,375	5,265,310	6,315,196	5,825,035	2,035,757	10,350,873	6,683,764
Total primary government	<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>	<u>18,217,795</u>	<u>6,883,259</u>

Table 03

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

Fiscal Year	Property Tax	Business License/ Franchise Fees	Hospitality Fee	Fines and Forfeitures	Total
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
2021	11,665,963	14,631,924	4,722,870	292,396	31,313,153
2022	12,541,277	15,866,364	5,351,385	230,050	33,989,076

Table 04

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914	\$ 6,325,288	\$ 7,791,240	\$ 8,900,823	\$ 180,785
Restricted	331,319	-	-	-	-	-	-	-	22,969,900	3,365,708
Assigned	1,934,688	1,979,096	2,355,008	3,249,055	3,764,823	3,776,576	3,272,097	4,094,673	4,855,737	5,642,908
Unassigned	8,415,209	9,081,509	10,109,014	11,591,331	13,320,377	11,053,105	17,709,776	18,301,481	16,028,704	12,140,735
Total General Fund	<u>\$ 10,934,389</u>	<u>\$ 11,320,825</u>	<u>\$ 12,684,412</u>	<u>\$ 15,026,580</u>	<u>\$ 17,240,267</u>	<u>\$ 16,975,595</u>	<u>\$ 27,307,161</u>	<u>\$ 30,187,394</u>	<u>\$ 52,755,164</u>	<u>\$ 21,330,136</u>
All other governmental funds										
Nonspendable	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473	\$ 334,218	\$ 382,469	\$ 941,362	\$ 600,813
Restricted	2,484,443	17,846,136	15,347,557	14,621,783	28,880,415	40,327,171	22,670,970	18,436,319	16,242,292	23,718,755
Committed	596,533	596,233	522,669	411,240	174,408	9,816	375	128,732	1,476,180	1,931,919
Assigned	-	15,000	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>\$ 40,348,460</u>	<u>\$ 23,005,563</u>	<u>\$ 18,947,520</u>	<u>\$ 18,659,834</u>	<u>\$ 26,251,487</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
Property Taxes	\$ 9,356,801	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653	\$10,678,127	\$ 10,803,006	\$ 11,025,605	\$ 11,175,749	\$11,815,481	\$ 12,541,277
Licenses and fees	14,510,042	14,910,015	16,034,673	19,426,009	22,932,167	22,878,390	22,362,083	19,233,504	20,368,053	23,970,906
Intergovernmental	3,772,655	3,872,395	4,975,460	5,056,720	8,075,493	5,643,675	7,051,649	7,283,691	7,698,404	8,641,962
Charges for services	2,387,117	2,230,427	2,487,241	2,522,868	2,626,414	3,160,164	3,287,619	3,070,150	2,893,598	3,295,387
Fines and forfeitures	644,920	637,171	540,934	549,212	465,109	416,398	327,772	235,123	292,396	230,050
Investment earnings (losses)	40,298	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,984	(48,560)
Miscellaneous	1,042,119	534,793	654,253	536,381	2,783,624	3,562,056	7,730,916	3,690,323	8,500,507	9,981,621
Total revenues	<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>	<u>51,607,423</u>	<u>58,612,643</u>
Expenditures										
Current										
General government	6,072,413	7,315,367	6,911,151	7,558,246	9,791,500	9,858,059	8,597,921	9,401,450	8,900,000	12,028,840
Public safety	13,552,531	14,001,197	14,240,947	13,820,581	14,060,888	13,906,863	14,583,043	14,674,771	15,138,931	16,142,660
Public works	4,909,427	6,116,375	5,995,862	5,802,639	6,067,821	6,142,350	6,486,423	7,003,092	6,865,394	7,371,799
Culture and recreation	4,331,993	3,960,994	4,282,804	4,273,709	3,961,033	4,511,694	4,430,894	3,280,478	3,238,970	3,341,267
Community development	730,670	1,418,149	777,787	937,622	1,550,188	2,300,015	16,088,454	3,455,168	7,151,058	11,132,874
Debt Service										
Principal	1,763,799	8,410,196	1,677,644	1,855,632	16,891,310	4,059,191	5,267,602	10,595,239	1,742,999	3,487,354
Interest	459,469	473,483	1,002,763	1,012,960	1,597,432	2,209,172	2,069,257	2,279,529	2,285,807	2,759,494
Capital Outlay	<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>	<u>12,896,713</u>	<u>22,380,175</u>
Total expenditures	<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>	<u>58,219,872</u>	<u>78,644,463</u>
Excess of revenues under expenditures	<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>	<u>(6,612,449)</u>	<u>(20,031,820)</u>
Other financing sources (uses)										
Premium on bonds issued	-	-	-	-	-	-	-	-	1,897,235	-
Issuance of debt	-	23,734,000	-	6,750,000	35,570,000	15,334,554	7,100,000	7,365,000	45,822,000	-
Payments to refunding										
bond escrow agent	-	-	-	-	-	-	-	-	(23,310,388)	-
Insurance proceeds	-	487,788	296,753	246,904	118,636	234,726	214,552	189,986	12,296	238,611
Transfers in	4,100,888	4,338,317	4,315,923	5,985,842	23,075,136	5,548,735	5,601,553	5,487,210	5,617,612	18,992,331
Transfers out	(1,155,163)	(2,224,973)	(1,142,224)	(1,392,198)	(19,477,136)	(2,077,506)	(1,731,553)	(1,599,210)	(1,537,612)	(20,507,417)
Proceeds from sale of property	-	-	-	777,040	-	-	-	448,335	114,941	74,585
Proceeds of capital lease	6,610,362	705,308	478,801	1,886,085	-	32,400	252,400	216,215	267,104	2,875,000
Total other financing sources	<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>	<u>28,883,188</u>	<u>1,673,110</u>
Net change in governmental fund balance	<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>	<u>\$22,270,739</u>	<u>\$ (18,358,710)</u>
Debt service as a percentage of non-capital expenditures	7.0%	21.3%	7.7%	8.1%	34.3%	14.6%	12.8%	25.4%	8.9%	11.1%

Table 06

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
Water & Sewer										
Service Fees	\$ 29,431,296	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063	\$ 34,288,028	\$ 33,782,797	\$ 35,410,622	\$ 36,286,804	\$ 40,026,598	\$ 39,750,584
Sewer Surcharges	40,594	50,664	21,944	17,698	102	-	-	-	-	-
Cut on Fees	193,597	187,447	190,132	151,209	159,534	167,278	216,056	146,174	225,834	170,550
Water & Sewer										
Tap Fees	517,016	568,610	706,918	778,005	834,426	997,393	955,267	1,051,666	1,259,855	1,268,873
Service Charges	269,065	226,691	246,082	243,994	249,883	234,730	253,514	220,505	248,433	285,224
Late Fees	390,401	404,942	472,545	427,652	358,480	228,925	446,945	306,362	432,262	405,777
Stormwater Fees	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619	1,351,507	1,500,912	1,613,654
Investment earnings (losse:	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725	(43,469)
Intergovernmental										
revenues	119,553	-	-	-	-	-	-	-	-	384,702
Miscellaneous	206,643	304,230	2,508,622	3,307,917	2,055,470	3,405,836	2,956,237	3,928,843	451,235	1,266,514
Total revenues	<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>	<u>44,223,854</u>	<u>45,102,409</u>
Expenses										
Current										
Engineering	987,846	924,838	958,134	1,002,782	1,003,953	1,197,154	1,318,545	1,341,334	1,202,548	1,412,374
Utility Finance	1,939,902	1,694,928	1,732,099	1,735,464	1,711,197	1,847,515	2,904,847	2,420,643	2,396,804	2,446,754
Wastewater Treatment	3,581,179	3,775,600	3,841,748	4,051,886	4,520,864	4,392,813	4,506,251	4,874,320	4,853,527	5,159,959
Water Production	2,881,285	2,826,265	3,431,693	2,863,744	3,120,877	3,430,311	3,394,281	3,298,390	3,648,554	3,919,460
Distribution Operations	1,837,213	1,737,163	1,524,071	1,480,868	1,769,187	1,990,835	2,219,387	2,247,003	2,172,175	2,122,390
Collection Operations	787,045	971,134	1,157,306	1,122,358	1,192,920	1,183,288	1,567,868	2,104,728	1,220,178	1,141,741
Stormwater	1,126,321	1,245,346	1,208,065	1,202,009	1,216,984	1,302,041	1,241,744	1,095,118	1,052,922	812,253
Non-departmental	6,992,914	8,139,732	19,435,705	15,130,531	16,165,514	15,519,886	15,643,495	20,799,335	13,246,273	19,888,628
Net Interdepartmental										
Transfer	2,945,725	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000	3,888,000	4,080,000	1,515,086
Total expense	<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>	<u>33,872,981</u>	<u>38,418,645</u>
Net change in net position	<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>	<u>\$ 10,350,873</u>	<u>\$ 6,683,764</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>
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
2021	11,815,481	14,631,924	4,722,870	292,396	31,462,671
2022	12,541,277	15,866,364	5,351,385	230,050	33,989,076

Table 08

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

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Motor Vehicles	Other					
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
2021	2020	64,022,016	82,425,588	19,077,772	18,396,620	5,404,271	178,517,725	63.1	3,451,217,526	5.17
2022	2021	66,646,905	83,106,068	20,467,620	17,752,069	5,581,628	182,391,034	63.1	3,543,860,394	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 ⁽¹⁾										
		City of Florence			Florence County			School District One			Technical College Millage	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
2021	2020	59.1	4.0	63.1	79.6	14.9	94.5	206.6	32.0	238.6	4.9	401.1
2022	2021	59.1	4.0	63.1	80.6	14.9	95.5	206.6	59.2	265.8	4.9	429.3

Source: Florence County Auditor's Office

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

Table 10

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
Duke Energy Progress	\$ 4,613,680	1	2.45%	\$ 3,105,930	3	1.96%
McLeod Regional Medical Center	3,600,720	2	1.92%	2,718,710	4	1.71
Magnolia, LLC	3,142,290	3	1.67%	3,239,410	2	2.04
Raldex, Inc	2,090,907	4	1.11%	1,635,260	7	1.03
Florence Mall	1,583,160	5	0.84%	1,797,550	5	1.13
Wal-Mart	1,328,110	6	0.71%	1,542,070	8	0.97
Holcombe Land Development	1,299,690	7	0.69%	1,289,900	9	0.81
HCP Medical Offices	1,285,060	8	0.68%			
Dominion Energy	1,011,810	9	0.54%			
BellSouth Telecommunications	867,710	10	0.46%	1,774,630	6	1.12
QHG of SC				8,657,200	1	5.45
South Carolina Electric and Gas				886,700	10	0.56
Totals			11.08%			16.78%

Source: Florence County

(1) Total Assessed Value for 2022 was \$187,972,662

(2) Total Assessed Value for 2013 was \$158,781,653

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>
2013	2012	\$ 9,002,920	\$ 8,831,673	98.10%	\$ 169,119	\$ 9,000,792	99.98%
2014	2013	9,077,725	8,950,117	98.59	123,687	9,073,804	99.96
2015	2014	9,289,810	9,077,292	97.71	209,040	9,286,332	99.96
2016	2015	9,631,656	9,385,169	97.44	242,492	9,627,661	99.96
2017	2016	10,329,938	9,998,304	96.79	327,506	10,325,810	99.96
2018	2017	10,537,302	10,109,320	95.94	423,353	10,532,673	99.96
2019	2018	10,743,520	10,299,117	95.86	442,479	10,741,596	99.98
2020	2019	10,882,253	10,460,787	96.13	378,617	10,839,404	99.61
2021	2020	11,605,478	11,108,157	95.71	439,176	11,547,333	99.50
2022	2021	11,861,075	11,650,565	98.23	-	11,650,565	98.23

Source: Florence County

Table 12

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2013	\$ 4,828,098	\$ -	\$ 1,272,204	\$ 13,520,649	\$ 102,209,789	\$ 28,420,215	\$ -	\$ 150,252,968	2.10%	\$ 3,978
2014	4,550,124	23,734,000	675,000	6,690,939	105,069,530	35,715,144	-	176,436,751	2.42	4,648
2015	4,258,515	23,014,000	610,000	6,568,705	101,713,084	40,347,292	-	176,513,611	2.35	4,658
2016	10,702,785	22,278,000	545,000	7,705,888	100,841,803	35,559,195	-	177,634,687	2.32	4,702
2017	8,382,433	44,142,000	480,000	6,905,930	98,033,635	33,785,520	-	191,731,535	2.40	5,075
2018	6,046,942	58,333,000	415,000	6,081,902	94,944,511	39,694,619	-	205,517,992	2.48	5,386
2019	10,795,778	56,682,000	350,000	5,475,146	91,671,772	36,923,800	-	201,900,515	2.32	5,188
2020	9,943,388	54,967,000	285,000	5,093,512	112,911,645	19,317,822	-	202,520,387	2.20	5,076
2021	8,487,000	79,623,483	220,000	4,759,539	106,955,213	18,208,157	-	218,253,392	*	5,418
2022	7,906,000	77,229,380	155,000	5,157,293	107,971,351	17,155,629	1,880,836	215,574,653	*	5,374

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

* Personal Income Tax Data is not currently available

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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2013	37,774	\$ 159,781,653	\$ 4,828,098	\$ 475,412	\$ 4,352,686	2.72%	\$ 115
2014	37,963	160,100,962	4,550,124	521,650	4,028,474	2.52	106
2015	37,894	164,411,409 ⁽²⁾	4,258,515	545,841	3,712,674	2.26	98
2016	37,780	170,471,781	10,702,785	579,706	10,123,079	5.94	268
2017	37,778	171,593,661	8,382,433	603,908	7,778,525	4.53	206
2018	38,155	173,026,301	6,046,942	744,853	5,302,089	3.06	139
2019	38,918	176,442,695	10,795,778	783,344	10,012,434	5.67	257
2020	39,899	176,088,243 ⁽²⁾	9,943,388	766,297	9,177,091	5.21	230
2021	40,297	183,921,996	8,487,000	959,767	7,527,233	4.09	187
2022	40,467	187,972,662	7,906,000	915,062	6,990,938	3.72	173

(1) 2020 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, 2022**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City⁽¹⁾</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Florence	\$90,447,673	100.00%	\$90,447,673
Overlapping:⁽²⁾			
Florence County	249,710,209	36.54%	91,244,211
Florence School District 1	<u>34,935,000</u>	45.35%	<u>15,842,183</u>
Total Overlapping Debt	<u>\$284,645,209</u>		<u>\$107,086,394</u>
Total Direct & Overlapping Debt	<u><u>\$375,092,882</u></u>		<u><u>\$197,534,067</u></u>

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

(2) Source: Florence County Finance Department
Florence County Treasurer's Office

Table 15

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$12,702,532	\$12,808,077	\$13,153,714	\$13,637,742	\$13,727,493	\$13,842,104	\$14,115,416	\$14,087,059	\$14,713,760	\$15,037,813
Total net debt applicable to limit	<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>	<u>7,527,233</u>	<u>6,990,938</u>
Legal Debt Margin	<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>	<u>\$7,186,527</u>	<u>\$8,046,875</u>
Total net debt applicable to the limit as a percentage of debt limit	34.27%	31.45%	28.23%	74.23%	56.66%	38.30%	70.93%	65.15%	51.16%	46.49%

Legal Debt Margin Calculation for Fiscal Year 2022

Taxable Assessed Value - 2022	\$187,972,662
Add back: exempt real property	-
Total Assessed Value	<u>\$187,972,662</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$15,037,813
Debt applicable to limit:	
Total Bonded Debt	\$7,906,000
Less Amounts Available in Debt Service Fund	(915,062)
Less Deductions Allowed by Law	
Total Net Debt Applicable to Limit	<u>6,990,938</u>
Legal Debt Margin	<u>\$8,046,875</u>

Table 16

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

Fiscal Year ⁽¹⁾	Gross Revenue ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ⁽⁴⁾
				Principal	Interest	Total	
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
2021	42,603,619	18,486,474	24,117,145	5,819,241	3,002,796	8,822,037	2.73
2022	41,766,830	18,299,052	23,467,778	5,916,787	3,431,575	9,348,362	2.51

(1) In the fiscal years 2012 through 2015 ACFRs, Economic Development expenses are accounted for in Operating Expenses. Economic Development expenses should have been reported in these ACFRs 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 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 2021-22 was \$ 1,505,759

Table 17

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

Fiscal Year	Population⁽¹⁾	Personal Income (in millions)⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
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	8,696	42,439	15,906	3.6
2020	39,899	9,221	45,178	15,583	8.8
2021	40,290	*	*	15,341	4.3
2022	40,467	*	*	16,064	3.1

* Information not yet available

(1) 2020 is the U.S. Census population, all other years are estimates 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>2022</u>			<u>2013 ⁽³⁾</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment⁽²⁾</u>
McLeod Regional Medical Center	7,251	1	37.7%	6,300	1	11.1%
Florence School District One	2,197	2	11.4	2,226	2	3.9
MUSC Health	1,572	3	8.2			
The Assurant Group	1,100	6	5.7	1,263	5	2.2
Olsten Staffing Service	1,256	5	6.5			
Administrators/TRICARE (BCBS)	1,334	4	6.9	1,430	3	2.5
Florence County	776	7	4.0	803	6	1.4
Nightingales Nursing Care	536	9	2.8	600	8	
Hope Health	652	8	3.4			
City of Florence	553	10	2.9	506	9	0.9
Walmart				635	7	1.1
Florence Co. Disabilities & Spec. Needs				309	10	0.5
Carolinas Hospital System				1,277	4	2.2
SC DHEC						0.0
Totals			<u>89.5%</u>			<u>26.0%</u>

(1) Total employment for June 2022: 19,258

(2) Total County employment for June 2013: 56,757

(3) City information is not available.

Table 19

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

Customer	Type of Business	2022			2013		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Niagara	Manufacturing	1	\$ 510,719	2.77%			
McLeod Regional Medical Center	Medical Services	2	366,400	1.99	1	\$ 228,339	1.60%
Florence School District 1	Public School	3	220,791	1.20			
Francis Marion University	University	4	204,860	1.11	3	148,021	1.04
Ruiz Foods	Manufacturing	5	196,937	1.07			
Florence County	County Government	6	191,559	1.04			
Thermo Fisher Scientific	Manufacturing	7	163,409	0.89			
Johnson Controls	Manufacturing	8	161,884	0.88	2	155,178	1.09
Florence County Housing Authority	Housing	9	103,559				
City of Florence	Municipality	10	92,244				
International Food House	Manufacturing			0.00	9	58,221	0.41
Koppers	Manufacturing			0.00			
Honda	Manufacturing						
Forest Lake Apartments	Apartments				8	65,990	0.46
Roche Carolina	Manufacturing				6	82,232	0.58
Heinz	Manufacturing				4	126,775	0.89
Rental Uniform	Industrial				7	69,138	0.49
Carolinas Hospital System	Medical Services				5	98,041	0.69
Habitat 2000	Apartments				10	47,972	0.34
TOTALS			<u>\$2,212,361</u>	<u>12.02%</u>		<u>\$1,079,907</u>	<u>7.58%</u>
2022 Total Billed Revenue:	\$18,404,627						
2013 Total Billed Revenue:	\$14,243,395						

Table 20

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

Customer	Type of Business	2022			2013		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Niagra	Manufacturing		\$ 486,839	2.28%			
Thermo Fisher Scientific	Manufacturing		429,687	2.01			
McLeod Regional Hospital	Medical Services		384,225	1.80	1	\$ 274,155	1.77%
Francis Marion University	University		324,786	1.52	2	225,246	1.46
Northeast Landfill	Industrial		315,392	1.48			
Ruiz Foods	Manufacturing		307,457	1.44			
Koppers	Manufacturing		285,436	1.34	3	216,182	1.40
Florence School District 1	Public School		264,589	1.24			
Darlington County Water & Sewer	Government		226,584	1.06	7	127,062	0.82
Florence County Housing Auth.	Housing		162,756	0.76			
Johnson Controls	Manufacturing						
Florence County	Government						
ESAB	Manufacturing				6	134,533	0.87
Lee County Landfill	Industrial				4	171,291	1.11
Rental Uniforms	Industrial				8	126,901	0.82
Roche Carolina	Manufacturing				5	162,733	1.05
Carolinas Hospital System	Medical Services				9	123,610	0.80
Forest Lake Apartments	Apartments				10	97,986	0.63
TOTALS			<u>\$ 3,187,752</u>	<u>14.93%</u>		<u>\$ 1,659,699</u>	<u>10.74%</u>

2022 Total Billed Revenues: \$21,346,177

2013 Total Billed Revenues: \$15,452,919

Table 21

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

	<u>2013</u>	<u>2014⁽¹⁾</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽²⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Customers:										
Residential	27,760	28,740	28,920	29,088	29,064	28,321	28,833	29,405	29,916	30,327
Commercial	3,027	3,139	3,136	3,149	3,289	3,540	3,567	3,616	3,644	3,666
Industrial	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Total	<u>30,789</u>	<u>31,881</u>	<u>32,058</u>	<u>32,239</u>	<u>32,355</u>	<u>31,863</u>	<u>32,400</u>	<u>33,021</u>	<u>33,560</u>	<u>33,997</u>
Sewer Customers:										
Residential	17,689	18,648	18,808	18,991	18,976	18,368	18,877	19,351	19,764	20,071
Commercial	2,275	2,368	2,348	2,360	2,466	2,390	2,399	2,440	2,462	2,475
Industrial	<u>4</u>	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>
Total	<u>19,968</u>	<u>21,020</u>	<u>21,160</u>	<u>21,353</u>	<u>21,444</u>	<u>20,760</u>	<u>21,277</u>	<u>21,792</u>	<u>22,227</u>	<u>22,551</u>

(1) In FY 2013-14 the City of Florence took ownership of the Town of Timmons ville 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75	\$ 14.00	\$ 14.25	\$ 14.40	\$ 14.55
1"	26.60	27.15	37.70	28.25	28.80	29.35	29.90	30.45	30.75	31.05
1 1/4"	38.35	39.15	39.95	40.75	41.55	42.35	43.15	43.95	44.38	44.80
1 1/2"	50.10	51.15	52.20	53.25	54.30	55.35	56.40	57.45	58.00	58.55
2"	78.30	79.95	81.60	83.25	84.90	86.55	88.20	89.85	90.70	91.55
3"	153.50	156.75	159.90	163.25	166.50	169.75	169.80	176.25	177.90	179.55
4"	238.10	243.15	248.20	253.25	258.30	263.35	268.40	273.45	276.00	278.55
6"	470.10	480.15	493.20	503.25	513.30	523.35	533.40	543.45	548.50	553.55
8"	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50	883.55
Volume Rate (per 1,000 gallons)	1.83	1.87	1.91	1.95	1.99	2.03	2.07	2.11	2.13	2.15
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	18.14	18.51	18.88	19.25	19.62	19.99	20.36	20.73	20.94	\$ 21.15
1"	40.70	41.55	42.40	43.25	44.10	64.94	45.80	46.65	47.10	47.55
1 1/4"	59.50	60.75	62.00	63.25	64.50	86.55	67.00	68.25	68.91	69.55
1 1/2"	78.30	79.95	81.60	83.25	84.90	136.47	88.20	89.85	90.70	91.55
2"	123.42	126.03	128.64	131.25	133.86	136.47	139.08	141.69	143.02	144.35
3"	243.74	248.91	254.08	259.25	264.42	269.59	276.76	279.93	282.54	285.15
4"	379.10	387.15	395.20	403.25	411.30	419.35	427.40	435.45	439.50	443.55
6"	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50	883.55
8"	1,206.30	1,231.95	1,257.60	1,283.25	1,308.90	1,334.55	1,360.20	1,385.85	1,398.70	1,411.55
Volume Rate (per 1,000 gallons)	2.93	2.99	3.06	3.12	3.18	3.25	3.31	3.34	3.37	3.44

(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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30	\$ 26.05	\$ 56.80	\$ 27.05	\$ 27.30
1"	50.68	51.15	52.63	54.23	55.83	57.55	59.28	61.00	61.55	62.10
1 1/4"	72.86	75.03	77.19	79.54	81.89	141.98	86.96	89.50	90.30	91.10
1 1/2"	96.05	98.90	101.75	104.85	107.95	111.30	114.65	118.00	119.05	120.10
2"	151.70	156.20	167.70	165.60	170.50	175.80	181.10	186.40	188.05	189.70
3"	300.10	309.00	317.90	327.60	337.30	347.80	358.30	368.80	372.05	375.30
4"	467.05	480.90	494.75	509.85	524.95	541.30	557.65	574.00	579.05	584.10
6"	930.80	958.40	986.00	1,016.10	1,046.20	1,078.80	1,111.40	1,144.00	1,154.05	1,164.10
8"	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	1,844.05	1,860.10
Volume Rate (per 1,000 gallons)	2.63	2.71	2.79	2.87	2.96	3.05	3.14	3.23	3.26	3.29
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	32.98	33.96	34.94	36.00	37.06	38.20	39.34	40.48	40.84	\$ 41.22
1"	77.51	79.80	82.11	84.61	87.11	89.80	92.51	95.20	96.05	96.90
1 1/4"	114.60	118.01	121.40	125.10	128.80	132.81	136.80	140.80	142.05	143.30
1 1/2"	151.70	156.20	160.70	165.60	170.50	175.80	181.10	186.40	188.05	189.70
2"	240.74	247.88	255.02	262.60	270.58	279.00	287.42	295.84	298.45	301.06
3"	478.18	492.36	506.54	522.00	537.46	554.20	570.94	587.68	592.85	598.02
4"	745.30	767.40	789.50	813.60	837.70	863.80	889.90	916.00	924.05	932.10
6"	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	1,844.05	1,860.10
8"	2,448.10	2,448.20	2,518.70	2,595.60	2,672.50	2,755.80	2,839.10	2,922.40	2,948.05	2,973.70
Volume Rate (per 1,000 gallons)	4.08	4.21	4.34	4.46	4.59	4.88	5.02	5.17	5.22	5.26

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

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

Function	Full-time Equivalent City Government Positions ⁽¹⁾									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government Admin.	12	12	11	11	11	12	13	12	14	14
Finance Department	9	9	9	9	9	9	9	9	9	9
Personnel Department	6	5	6	6	6	6	6	6	6	5
Community Services Department	8	8	5	5	5	6	6	6	6	6
Public Safety										
Police	154	146	150	149	149	137	137	137	132	132
Fire	85	86	85	85	85	86	85	85	91	97
Total Public Safety	239	232	235	234	234	223	222	222	223	229
Public Works Department										
Streets and Beautification	36	50	50	50	50	51	53	52	51	51
Sanitation	27	27	27	27	27	26	26	28	28	32
Equipment Maintenance	7	7	7	7	7	7	7	7	7	8
Total Public Works	70	84	84	84	84	84	86	87	86	91
Parks and Recreation	41	26	26	27	27	32	30	32	33	33
Urban Planning & Development	5	4	4	4	4	5	4	5	5	5
Buildings Inspections & Permits ⁽²⁾	0	0	0	0	0	5	5	5	5	5
Water and Sewer	122	118	120	121	127	128	132	139	139	148
Stormwater	9	8	8	8	8	8	8	8	8	8
Total Employees	521	506	508	509	515	518	521	531	534	553

Source: City of Florence Budget

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

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

Table 25

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical Arrests	3,570	3,386	3,009	4,448	3,566	3,847	2,190	2,995	2,055	2,466
Traffic Violations	7,923	6,693	9,758	7,454	9,578	9,181	6,497	5,004	5,276	4,846
Parking Violations	430	355	148	355	292	218	124	108	384	299
Fire										
Calls Answered	2,557	2,520	2,923	3,131	3,215	3,279	4,346	4,660	4,261	4,751
Inspections	1,735	1,744	1,341	1,595	1,281	1,462	2,845	3,916	2,730	3,708
Water System										
Service Connections ⁽¹⁾	30,789	31,949	32,179	32,239	32,355	31,861	32,319	33,021	38,178	39,327
Average daily production (in millions of gallons)	12.17	12.65	13.62	12.50	13.20	12.82	13.67	14.09	14.49	15.35
Maximum daily capacity (in millions of gallons)	25.60	26.46	26.46	26.46	26.50	26.50	26.50	26.50	26.50	26.50
Wastewater System										
Service connections ⁽¹⁾	19,954	21,070	21,259	21,353	21,444	20,758	21,197	21,792	25,563	25,871
Average daily treatment (in millions of gallons)	8.63	12.21	11.14	11.27	12.06	10.51	18.33	11.86	12.95	11.40
Maximum daily capacity (in millions of gallons)	18.00	24.00	24.00	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	2	2	2	2	2	2	2	2
Resource Centers	6	4	3	4	4	3	3	0	0	0
Patrol units	165	168	164	159	159	158	133	157	130	130
Fire Stations	5	5	5	5	5	5	5	5	6	6
Highways and Streets										
Streets (in miles)	99	103	103	103	112	114	114	115	117	120
Streetlights (Leased)	6,722	6,756	6,996	7,121	7,389	7,490	7,632	7,721	7,721	7,721
Culture and Recreation										
Community centers	4	5	5	5	5	5	5	6	6	6
Parks	18	18	18	19	19	19	19	19	19	20
Park acreage	655	655	655	669	669	706	706	706	706	790
Tennis courts	49	50	50	50	50	50	50	50	51	45
Water System										
Water mains (in miles)	748	796	806	841	843	844	849	850	852	856
Fire hydrants	2,317	2,547	2,577	2,666	2,733	2,750	2,780	2,787	2,800	2,821
Wastewater System										
Sanitary sewers (in miles)	462	507	507	507	507	508	508	509	512	514
Treatment plants	1	2	2	2	2	2	2	2	2	2
Stormwater System										
Storm sewers (in miles)	76	76	76	77	77	77	95	96	97	100

Source: Various City departments.

CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
June 30, 2022

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Equivalent Positions	553
Area in square miles	30.20
Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,447
Education	
Number of elementary schools	14
Number of elementary school instructors	543
Number of secondary schools	8
Number of secondary school instructors	580
Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	867
Other data	
Business Licenses issued for Fiscal Year 2021-22	5,249
New Business Licenses issued for Fiscal Year 2021-22	850
Business License Receipts	\$ 11,756,249
Percent change in Business License receipts from prior year	11.18%
Franchise Fee Receipts	\$ 4,115,114
Percent change in Franchise Fee receipts from prior year	1.38%
Population (estimated population)	40,467
City of Florence gross retail sales for calendar year 2020.	\$ 4,684,691,592
Per Capita spending for calendar year 2020	\$ 115,766
Outstanding General Obligation Debt	\$ 7,906,000
Outstanding Revenue Debt	\$ 185,200,731
City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
Residential construction permits issued	420
Construction value	\$ 42,912,774
Commercial construction permits issued	103
Construction value	\$ 39,570,926

SINGLE AUDIT SECTION

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

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

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

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the 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 the City of Florence, South Carolina's major federal programs for the year ended June 30, 2022. The 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Florence, South Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Florence, South Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Florence, South Carolina's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Florence, South Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not

detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Florence, South Carolina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Florence, South Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Florence, South Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Florence, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

October 21, 2022

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs				
Community Development Block Grants	14.218	N/A	\$ 77,604	\$ 301,991
Total Direct Department of Housing and Urban Development			<u>77,604</u>	<u>301,991</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	41,539
Neighborhood Stabilization Program	14.228	11-NSP-116	-	69,703
Passed through S.C. Office of Resilience				
Community Development Block Grants - Mitigation	14.228	B-18-DP-06-0002	-	74,502
Subtotal CFDA 14.228			-	185,744
Total Department of Housing and Urban Development			<u>77,604</u>	<u>487,735</u>
U.S. Department of Justice				
Direct Programs				
Bulletproof Vest Partnership Program	16.607	N/A	-	35,224
Total Department of Justice			-	<u>35,224</u>
U.S. Department of Administration				
Direct Program				
Coronavirus State and Local Fiscal Recovery Funds	10.763	N/A	-	1,283,662
Total Department of Administration			-	<u>1,283,662</u>
U.S. Department of Environmental Protection Agency				
Direct Program				
Timmonsville Sewer System Rehabilitation - Phase 2	66.458	N/A	-	4,809,689
Total Department of Environmental Protection Agency			-	<u>4,809,689</u>
Total Expenditures of Federal Awards			<u>\$ 77,604</u>	<u>\$ 6,616,310</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, 2022

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, 2022, the City had the following outstanding loans:

	<u>CFDA #</u>	<u>Amount</u>
U.S. Environmental Protection Agency		
Timmonsville Sewer System Rehabilitation - Phase 2	66.458	\$ 4,588,969
Total Environmental Protection Agency		<u>4,588,969</u>
Total Loans Outstanding		<u>\$ 4,588,969</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	\$ 77,604

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditor's 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 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.
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 Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's 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: Coronavirus State and Local Fiscal Recovery Funds – CFDA No. 21.027 and Neighborhood Stabilization Program – CFDA 14.228.
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, 2022

None

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

-MEMBERS OF-
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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, 2022, 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 21, 2022.

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) as a basis for designing 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