

CITY OF FLORENCE, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021



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, 2021

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November 30, 2021

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, 2021.

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, 2021 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, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

The City, chartered in 1890, is in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of seven counties that comprise what is commonly referred to as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 25 square miles and serves a population of approximately 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 is accessible to a regional airport, numerous trucking terminals, and both Amtrak and CSX Transportation railway services.

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

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

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

The Florence Center, a joint capital venture between the City and County of Florence, was opened in 1993. This multi-functional facility complements the recreational, cultural and tourism related activities provided in Florence. The Florence Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor sporting events, concerts, circuses, rodeos, and a variety of other assorted shows. In 2018, a \$16 million,

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

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

Florence continues to experience growth with expansions in healthcare, education, the arts, entertainment, shopping and hotels. This growth, coupled with the continued downtown revitalization projects, has resulted in Florence becoming a premier and dynamic part of the state. Florence is fortunate to have a diverse economy, and economic development continues in both the City and County of Florence. Florence has been recognized nationally as a prime destination for business and industry because of its accessibility and the availability of land suitable for industrial and commercial development.

Long-Term Financial Planning

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

The City's combined water and wastewater system is a highly regulated enterprise that requires extensive fiscal resources for long-term viability to serve the growing demands of the Florence area. To provide sufficient revenues for payment of projected costs of operation, expansion of the System, increases in debt service, and to maintain required debt service coverage ratios, the City, in 2019, contracted with an independent rate consultant to perform a comprehensive study of the operating, capital, and long-term debt service requirements. The analysis revealed that rates for the combined water and wastewater system should be revised to meet current and future financial requirements of the system. Based on the recommendations of the rate study, City Council approved an ordinance in 2020 to revise and update the City's water and wastewater rate schedules for a ten-year period beginning in Fiscal Year 2021 and continuing through fiscal year 2030.

Relevant Financial Policies

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

Major Initiatives

Town of Timmonsville Water and Sewer Utilities System Acquisition – The City of Florence, at the request of the Environmental Protection Agency (EPA) and the South Carolina Department of Health and Environmental Control (SCDHEC), acquired on January 9, 2014 ownership of the Timmonsville water and sewer utility system, a system that was not in compliance with EPA and SCDHEC regulations. As part of the acquisition the City of Florence entered into a consent decree with EPA and SCDHEC, based upon a plan of necessary corrective actions identified by the City's engineers. Capital improvements for both the Timmonsville water and sewer systems in the estimated amount of \$12.7 million were identified and approved by US EPA, SCDHEC, City staff, and a team of consulting engineers.

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

Projects to repair and improve the Timmonsville System have been completed as identified and required by the consent decree, and the Timmonsville System is now in compliance with applicable federal and state regulations.

Projected revenues of the Town's Utilities System combined with a number of SRF loans, including loan principal forgiveness, and several grant funding sources, provide funding for the needed improvements. The SRF loans total approximately \$12

million with approximately \$3 million of the principal forgiven by SRF. The SRF loans are financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development.

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

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

City Projects Funded with Countywide Capital Projects Sales Tax – In November 2013, the voters of Florence County approved a referendum for a one cent capital projects sales tax and the issuance of a general obligation bond in an amount not to exceed \$125,000,000. The annual debt service on this bond will be funded by the proceeds of the capital project sales tax.

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

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

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

Construction of numerous projects funded through the Capital Projects Sales Tax continued in fiscal year 2021.

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

Work under the Capital Project Sales Tax III began in May 2021.

Downtown Redevelopment – Downtown revitalization serves as a key element in the local economy and growth of Florence. A Downtown Master Redevelopment plan was presented to the public in 2001 as a strategic process for transforming downtown Florence into the cultural and economic heart of the Pee Dee it once was. The focus of the master plan was the role of the downtown as the heart of the city, utilizing economic, physical, and management strategies of implementation. As part of the master plan implementation process, the Florence Downtown Development Corporation, a 501(c) (3) tax-exempt charitable corporation, was formed. City staff works with the Downtown Development Corporation, the Florence Downtown Merchants Association, and others involved with the revitalization effort in support of a long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of downtown Florence.

In 2005, City Council adopted an ordinance that created an overlay district for downtown redevelopment, established design guidelines in the overlay district, and created powers and rules of procedure for a Downtown Design Review Board. On December 18, 2006, City Council adopted an ordinance creating a Tax Increment Financing (TIF) district incorporating the overlay district for downtown redevelopment as adopted by Council in 2005. Proceeds resulting from the tax increment financing district are now being used for public improvements in support of downtown development. To further encourage downtown redevelopment City Council adopted an ordinance in October 2011 that provided for the establishment of a Downtown Economic Development Incentive Program. The incentives were specifically identified and approved when City Council adopted a resolution in February 2012 authorizing several incentives designed to encourage the revitalization of the downtown area. Additional downtown business redevelopment and historical building incentives were approved through a resolution adopted by City Council in February 2015 to encourage the revitalization of downtown Florence by existing property owners, tenants, and potential developers. In 2017, City Council further amended the downtown overlay district by adding the "Food, Artisan, and Warehouse District". City Council also expanded the geographic boundary for downtown business incentives for qualified projects to include this newly established overlay district as well as areas in the southwest quadrant of the D-1, Downtown Overlay District.

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

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

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

In 2014, the City issued a TIF bond in the approximate amount of \$12.9 million to provide for public infrastructure improvements to include the construction of parking decks, ingress and egress acquisition, surface parking, and utilities upgrades. The TIF Bond was issued through the year 2026.

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

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

The Special Obligation Bond was issued with a junior lien pledge of revenues of the water and sewer utility system. While the City projects that there should be minimal use of water and sewer utility system revenues to pay debt service on the TIF bond, the projected coverage impact of the junior lien debt on the water and sewer system assuming the full payment of TIF debt service with water and sewer revenues would be small.

Construction of numerous projects funded through the Special Obligation Bond continued in fiscal year 2021.

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 contract with a developer to construct a 100-bed hotel, a 100 unit apartment complex, a 30,000 square foot office building, and 10 to 15 townhomes on this site. The City will use approximately \$9,500,000 of the proceeds of the IPRBs to construct a 325-space parking deck in the center of this site. The total private and public investment on this site is estimated to be \$65,000,000.

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

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, the 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.

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

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

City staff has worked with citizens in three focus areas to complete neighborhood action plans since February 2012 as part of its neighborhood revitalization initiative. The focus areas are North Florence, Northwest Florence, and East Florence. These areas include some of the oldest and most challenged neighborhoods surrounding the City's downtown.

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

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

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

In June 2018, the City began site work for “Old Carver Station”, a new neighborhood development that will consist of six homes in Northwest Florence. The City signed a development partnership agreement with a private investor to build the 6 homes in “Old Carver Station.” Two of the homes in this development were constructed during 2020 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 will be used to construct two new fire stations – Station No. 4 and Station No. 6 – and to purchase fire apparatus for Station No. 6. The property for the current Station No. 4 was sold to a local financial institution for this institution to expand its operations. This necessitated the relocation of Station No. 4. Station No. 6 is a new station which will be constructed on the west side of the City in order to service the growth in that area of the City.

In August 2020 AECOM acting as the City’s engineering firm began the site plan for the two stations. Hogan Construction Group, LLC was awarded the contract to construct the two stations and work began in February 2021. As of June 30, 2021, the City has expended \$1,685,580 toward the construction of the two stations.

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, 2020. 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 2020 marks the twenty-third 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**

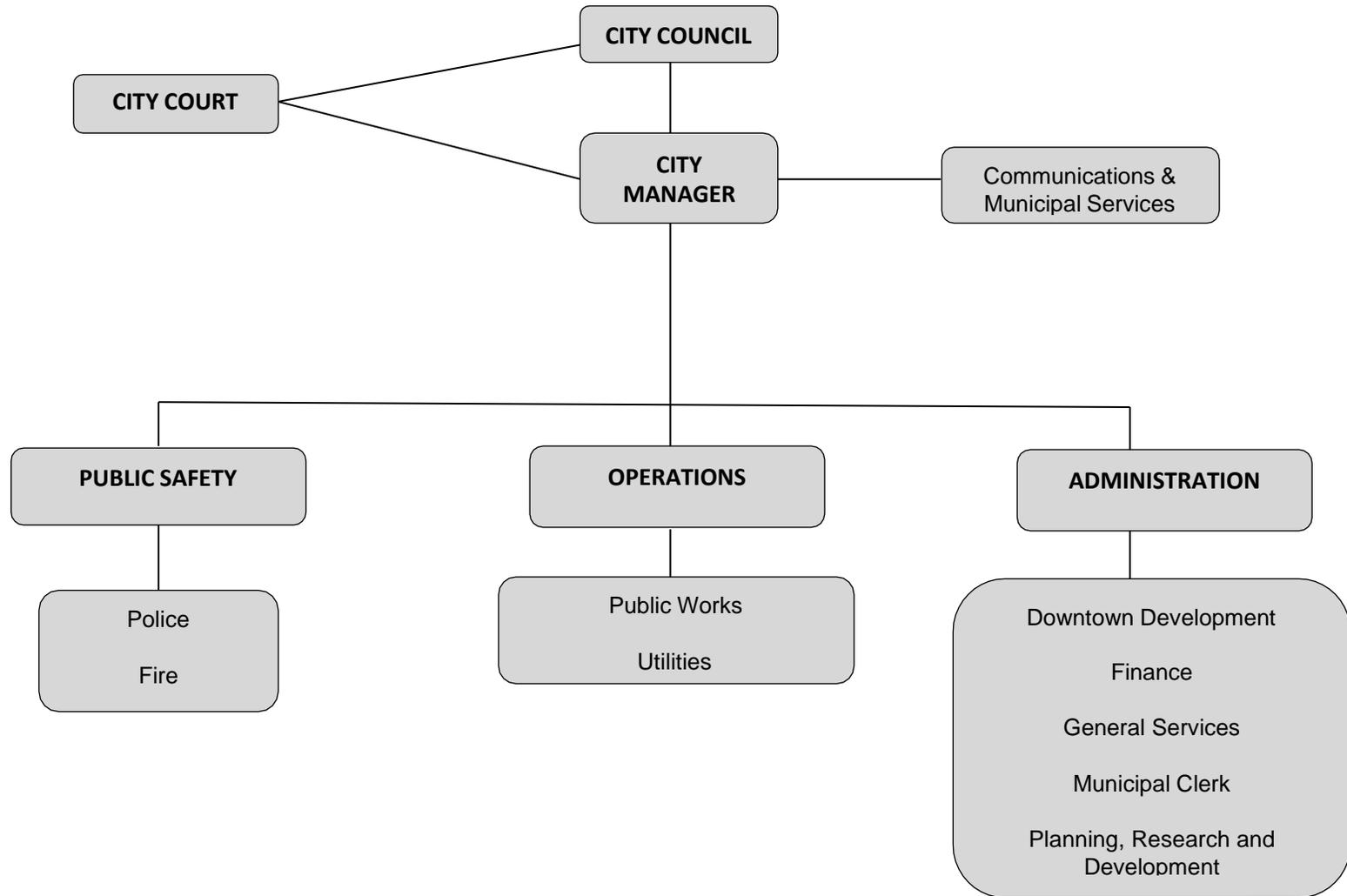
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**CITY OF FLORENCE ORGANIZATIONAL CHART
FY 2020-21**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2021**

GOVERNING BODY

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

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A PROFESSIONAL CORPORATION

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund

information of the City of Florence, South Carolina as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended June 30, 2021, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the City reported a restatement for a change in accounting principle (see Note VI). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments, and Surcharges on Page 146, 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 181, 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 15, 2021, on our consideration of the City of Florence, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Florence, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Florence, South Carolina's internal control over financial reporting and compliance.

Burch, Omer, Seale Co., CPAs, PA

October 15, 2021

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, 2021. 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 \$201,405,867 (*net position*). Of this amount, \$31,683,886 (*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 \$18,217,795 during the fiscal year ended June 30, 2021, with a \$7,866,922 increase resulting from governmental activities and a \$10,350,873 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 \$71,414,998, an increase of \$22,270,739 in comparison with the prior year. Approximately 22.4 percent of this total amount, \$16,028,704 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 \$16,028,704, or 36.3 percent of the total General Fund expenditures.
- The City had \$213.5 million in bonds and notes outstanding versus \$197.4 million last year, an increase of \$16.1 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, and Installment Purchase Revenue Bond Capital Projects Fund, which are all considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 38-41 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Hospitality Fund can be found on pages 42-43 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City uses enterprise funds to account for its water and sewer activities and 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 104-147 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 \$201,405,867 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80.3% 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, \$31,683,886, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all categories of net position, both for the government as a whole, as well as for its separate business-type activities. The same situation held true for the prior fiscal year. The one exception is the governmental activities Unrestricted Net Position which is negative primarily due to GASB Statements 68 and 75 requiring the City to accrue net pension liabilities and OPEB liabilities in accordance with GAAP.

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 78,618,795	\$ 54,341,785	\$ 60,727,146	\$ 55,691,258	\$ 139,345,941	\$ 110,033,043
Capital assets	106,911,529	96,805,213	238,913,335	239,106,241	345,824,864	335,911,454
Total assets	<u>185,530,324</u>	<u>151,146,998</u>	<u>299,640,481</u>	<u>294,797,499</u>	<u>485,170,805</u>	<u>445,944,497</u>
Deferred Outflows	7,751,519	5,698,601	2,585,694	1,994,151	10,337,213	7,692,752
Long-term liabilities	138,706,202	112,703,754	142,104,381	148,215,193	280,810,583	260,918,947
Other liabilities	7,712,670	5,271,007	3,795,279	2,835,390	11,507,949	8,106,397
Total liabilities	<u>146,418,872</u>	<u>117,974,761</u>	<u>145,899,660</u>	<u>151,050,583</u>	<u>292,318,532</u>	<u>269,025,344</u>
Deferred Inflows	1,436,575	1,320,709	347,044	112,469	1,783,619	1,433,178
Net Position:						
Net investment in capital assets	55,591,432	53,146,832	106,120,448	111,026,196	161,711,880	164,173,028
Restricted	3,410,355	3,932,339	4,599,746	3,889,776	8,010,101	7,822,115
Unrestricted	(13,575,391)	(19,529,042)	45,259,277	30,712,626	31,683,886	11,183,584
Total net position	<u>\$ 45,426,396</u>	<u>\$ 37,550,129</u>	<u>\$ 155,979,471</u>	<u>\$ 145,628,598</u>	<u>\$ 201,405,867</u>	<u>\$ 183,178,727</u>

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,324,617	\$ 17,771,616	\$ 42,787,365	\$ 38,689,978	\$ 61,111,982	\$ 56,461,594
Operating grants and contributions	4,413,900	2,944,931	-	-	4,413,900	2,944,931
Capital grants and contributions	1,417,451	85,000	3,338,645	3,347,746	4,756,096	3,432,746
General Revenues:						
Property taxes	11,655,963	11,280,518	-	-	11,655,963	11,280,518
Hospitality fees	4,722,870	4,205,349	-	-	4,722,870	4,205,349
Grants and contributions not restricted to specific programs	4,982,456	4,659,987	-	-	4,982,456	4,659,987
Other	7,607,086	2,700,123	1,444,059	1,736,453	9,051,145	4,436,576
Total Revenues	<u>53,124,343</u>	<u>43,647,524</u>	<u>47,570,069</u>	<u>43,774,177</u>	<u>100,694,412</u>	<u>87,421,701</u>

City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2021	2020	2021	2020	2021	2020
Expenses:						
General Government	10,195,496	11,128,639	-	-	10,195,496	11,128,639
Public Safety	17,323,051	15,338,078	-	-	17,323,051	15,338,078
Public Works	7,864,732	7,797,621	-	-	7,864,732	7,797,621
Culture and Recreation	3,707,902	3,546,944	-	-	3,707,902	3,546,944
Community Development	7,960,433	3,491,822	-	-	7,960,433	3,491,822
Interest on long-term debt	2,285,807	2,279,529	-	-	2,285,807	2,279,529
Water and Sewer	-	-	32,077,774	36,718,131	32,077,774	36,718,131
Stormwater	-	-	1,061,422	1,132,289	1,061,422	1,132,289
Total Expenses	<u>49,337,421</u>	<u>43,582,633</u>	<u>33,139,196</u>	<u>37,850,420</u>	<u>82,476,617</u>	<u>81,433,053</u>
Increase (decrease) in net position before transfers	3,786,922	64,891	14,430,873	5,923,757	18,217,795	5,988,648
Transfers	4,080,000	3,888,000	(4,080,000)	(3,888,000)	-	-
Increase (decrease) in net position	7,866,922	3,952,891	10,350,873	2,035,757	18,217,795	5,988,648
Net position - beginning, as restated	37,559,474	33,597,238	145,628,598	143,592,841	183,188,072	177,190,079
Net position - ending	<u>\$ 45,426,396</u>	<u>\$ 37,550,129</u>	<u>\$ 155,979,471</u>	<u>\$ 145,628,598</u>	<u>\$ 201,405,867</u>	<u>\$ 183,178,727</u>

Governmental activities. Governmental activities increased the City's net position by \$7,866,922. Key elements of this increase are as follows:

In November 2013, Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by "Capital Project Sales Tax II" program 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. In January 2014, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$125 million with debt service payments to be funded from the Capital Project Sales Tax. The City was allocated \$21,774,375 for projects within the city limits. During the current fiscal year, Florence County reimbursed the City \$614,888 for capital sales tax projects that are currently under construction within the City.

On October 9, 2016, Hurricane Matthew made landfall in South Carolina affecting the Florence area with downed trees, wind damage, flooding, power outages, and damage to the City's infrastructure. The hurricane left approximately 150,000 cubic yards of debris within the City. In addition to using city personnel and equipment (force labor & equipment) for emergency measures and debris cleanup, the City contracted with three companies for debris removal, grinding, and hauling. The City also contracted the debris monitoring services to ensure compliance with FEMA requirements. The contracted cost for debris removal and monitoring was \$1,762,622. An additional \$1,252,931 in force labor and equipment was used for emergency measures and cleanup efforts. At June 30, 2021, the accounts receivable balance remaining was \$284,589 which is for water and sewer infrastructure damaged during Hurricane Matthew.

On November 15, 2017, the City closed on a \$15 million Installment Purchase Revenue Bond (IPRB), Series 2017, to finance certain recreation related improvements. The IPRB is a 15-year issue with an interest rate of 2.99% that will mature November 1, 2032. The recreation improvements include construction of miscellaneous deferred capital projects, the construction of a sports complex, construction of community centers, upgrades to the Freedom Florence complex, and construction of trail segments throughout the City. On September 9, 2020, the City closed on an IPRB Series 2020B to refinance the 2017 Series IPRB. The 2020B Series will mature on November 1, 2032. This refinancing will save the City approximately \$1,042,000 over the life of the bonds. In FY 2020-21 the City continued several of the recreational projects and expended a total of \$4,140,432 and has spent \$21,986,439 to date.

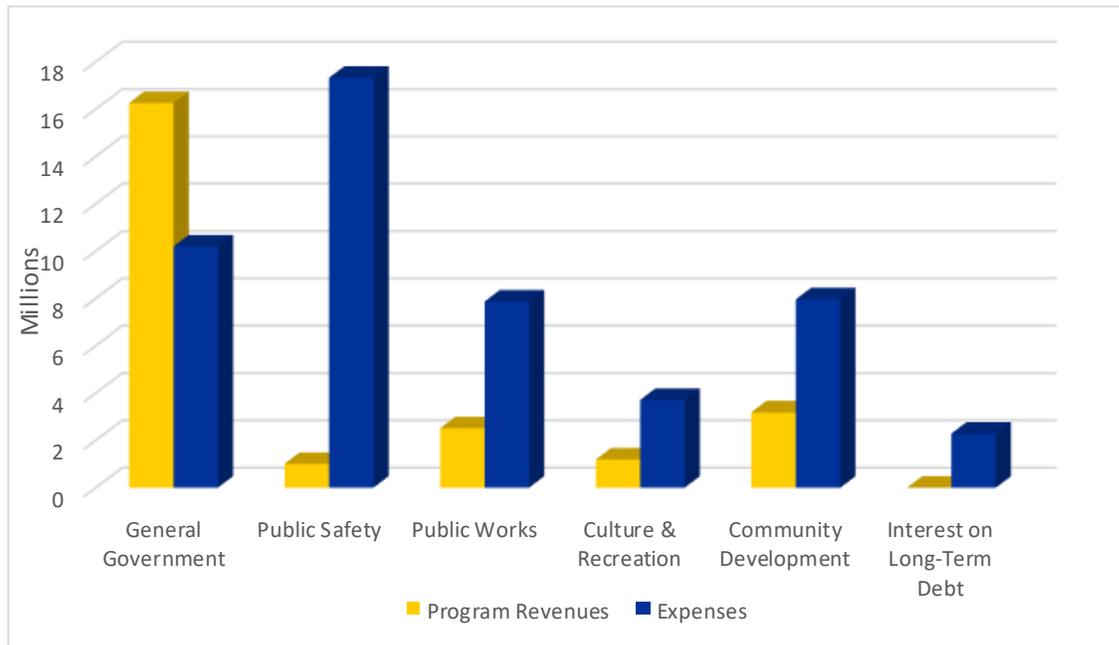
On September 9, 2020, the City issued \$26,365,000 Installment Purchase Revenue Bonds (IPRB) to construct an Athletic Complex to include a NCAA Stadium, refurbish an abandoned downtown theater, and construct a parking garage as part of an economic development project. The IPRB will mature in November 2045.

On September 10, 2020, the City issued \$8,487,000 in General Obligation Bonds Series 2020 and Series 2020A. These bonds were issued to refinance the outstanding balance of the City's 2010 Series General Obligation Bonds and the construction of 2 fire

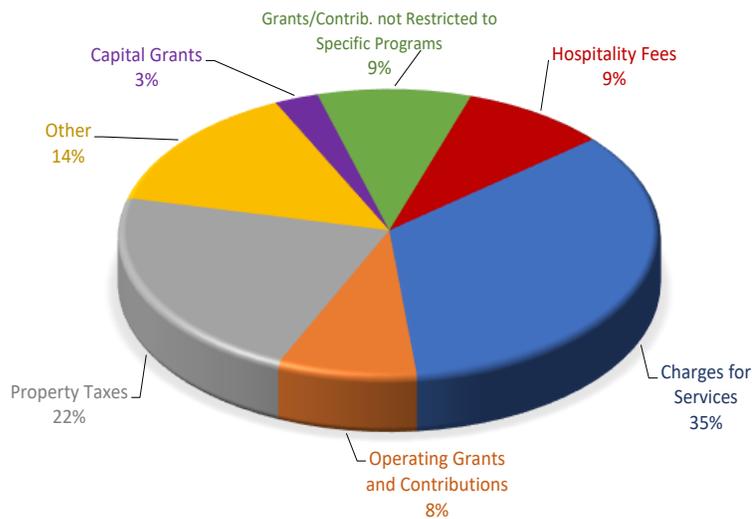
stations; one will be relocated, and a second will be a new facility, and to purchase fire apparatus for the new station. The refinanced amount was \$2,220,000 and will mature in September 2025 and will save the City approximately \$103,000 over the life of the bonds.

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 “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. 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. The City was allocated \$41,000,000 for projects within the city limits.

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

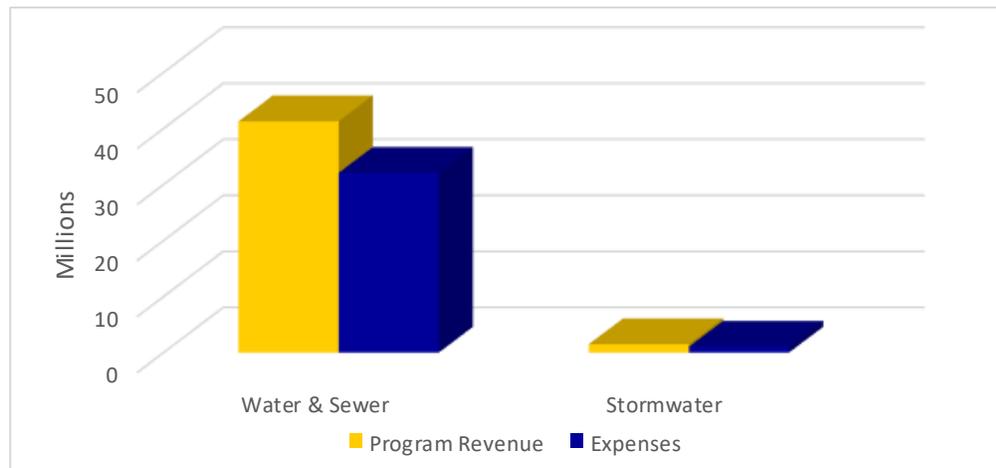


Business-type activities. Business-type activities increased the City's net position by \$10,350,873, accounting for 64.6 percent of the total growth in the City's net position. Key elements of this increase are as follows:

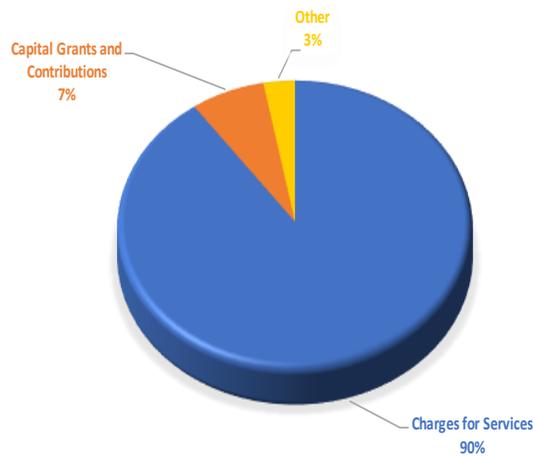
Capital Water and Sewer Projects – In the fiscal year ended June 30, 2021, the City spent \$5,199,432 for capital projects in the Water and Sewer Fund. During the year, the City capitalized 6 projects totaling \$3,358,645 that were previously recorded at Construction-in-Progress and completed this year.

The City's Storm Water Fund has identified several projects that the City will begin work on upgrading and expanding the storm water system. In July 2020 the City issued \$7 million in Storm Water Revenue Bonds to complete the identified projects. The City has applied for grant funding to study the current and future storm water needs.

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 \$71,414,998, an increase of \$22,270,739 in comparison with the prior year. Approximately 22.4 percent of this total amount or \$16,028,704 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: \$9,842,185, 2) restricted for particular purposes: \$39,212,192, 3) committed for particular purposes: \$1,476,180, or 4) assigned for particular purposes: \$4,855,737. 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 \$16,028,704, while total fund balance was \$52,755,164. 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 36.3 percent of total General Fund expenditures, while total fund balance represents 119.5 percent of that same amount.

During the current fiscal year, the City's fund balance of the General Fund increased by \$22,567,770. This amount represents a 74.8% increase. The City continued to delay purchases until FY 2021-22 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 \$1,814,625, an increase of 64.6%.

The City maintains a TIF Debt Service Fund to receive tax revenue generated by a Tax Increment Financing (TIF) district. These funds are generated from the difference between the current assessed value of each parcel of property within the district and the 2006 assessed value of each parcel. The increase in overall assessed value in the TIF district applied to the tax millage of all taxing entities in Florence County participating in and contributing to the TIF creates the tax revenue used to repay bonds issued to construct public purpose projects within the district. The entire fund balance of \$21,108 is restricted for the repayment of the TIF bonds.

The City maintains a General Fund Debt Service Fund to manage the collection of the debt service millage and the debt service payment for the City's general obligation debt. The Debt Service millage is 4.0 mills. The entire fund balance of \$970,317 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.

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 \$45,259,277. The total growth in the net position was \$10,350,873. 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 \$5,906,850 greater than the original budget of \$40,685,000. City Council amended the General Fund budget three times during the fiscal year that ended June 30, 2021. The first amendment increases From Unappropriated Reserve revenue by \$1,321,000 to fund "early purchases", funds that were requested in the FY 2021-22 budget but paid from FY 2020-21 increase in Fund Balance. The second amendment increased From Unappropriated Reserve revenues by \$3,050,000 for the re-appropriation of funds to fund projects and purchase equipment budgeted in fiscal year 2020-21 but deferred until fiscal year 2021-22. The third amendment increased From Unappropriated Reserve revenue by \$3,808,900 funding for one-time purchases from Fund Balance in excess of 30% of expenditures. Additionally, during the City's mid-year budget review, the City's general fund budget was reduced by \$2,273,050 to lower revenue projections due to the economic effects of COVID-19.

Original Budget vs Final Budget Variances

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Property Tax	\$ 10,854,400	\$ 10,400,500	\$ (453,900)	-4.18%
Licenses, Permits and Fees	14,650,000	13,624,700	(1,025,300)	-7.00%
Governmental Reimbursements	5,157,000	5,353,800	196,800	3.82%
Permits and Fees	2,920,000	2,512,000	(408,000)	-13.97%
Fines and Forfeitures	380,000	246,100	(133,900)	-35.24%
Interest Revenue	200,000	14,800	(185,200)	-92.60%
Miscellaneous Revenue	545,600	631,900	86,300	15.82%
Other Funding Sources	143,000	8,190,900	8,047,900	5627.90%
Expenditures				
City Council	\$ 310,490	\$ 286,060	\$ (24,430)	-7.87%
Legal Services	147,540	149,150	1,610	1.09%
City Court	573,380	564,230	(9,150)	-1.60%
City Manager	745,670	853,760	108,090	14.50%
Finance and Accounting	1,039,030	1,038,190	(840)	-0.08%
Human Resources	706,890	638,250	(68,640)	-9.71%
Community Services	446,890	445,660	(1,230)	-0.28%
Police	10,033,650	11,904,510	1,870,860	18.65%
Fire	6,971,950	6,698,890	(273,060)	-3.92%
Beautification and Facilities	3,366,240	3,459,870	93,630	2.78%
Sanitation	3,999,660	4,290,600	290,940	7.27%
Equipment Maintenance	507,080	557,720	50,640	9.99%
Recreation Services/Sports Tourism	1,457,700	1,315,680	(142,020)	-9.74%
Athletic Programs	2,082,750	3,196,990	1,114,240	53.50%
Planning Research and Development	598,900	900,290	301,390	50.32%
Building Inspections and Permits	466,620	427,040	(39,580)	-8.48%
Debt Service	2,392,000	1,622,000	(770,000)	-32.19%
Other Employee Benefits	790,280	785,280	(5,000)	-0.63%
General Insurance/Claims	714,000	830,000	116,000	16.25%
Community Programs	408,500	393,000	(15,500)	-3.79%
Non-Departmental	2,925,780	6,234,680	3,308,900	113.09%

Significant Variances – Budget to Actual

Listed below are the significant variances between the final revised budget and actual amount received/expended during Fiscal Year 2020-21.

Property Taxes exceeded the budgeted projects due to greater than expected collections of current property taxes, delinquent taxes, and penalties on current taxes. For FY 2020-21 Business Licenses, collected in May and June of 2020, the City began requiring business licenses for certain rental properties and the projected revenue for the rental property licenses were greater than projected. Also, collections were significantly greater than expected for insurance licenses and brokers' tax.

The expenditures in the Police Department, Recreation Services/Sports Tourism, and Athletic Programs were all less than expected because of COVID-19. 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. With the decreased number of police officers, the cost of related expenses like vehicle maintenance, vehicle fuel, and uniforms was lower than expected. Several capital items, such as new vehicles, mobile data terminals, and other equipment, were unavailable. Both the Recreation Services/Sports Tourism and Athletics Programs departments had suspended most services from the beginning of the pandemic through the end of the fiscal year. The most significant variance in the non-departmental expenditures was to transfer property purchased that was to be transferred to Francis Marion University, however, this transfer didn't occur until after June 30, 2021.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Property Tax	\$ 10,400,500	\$ 11,137,320	\$ 736,820	7.08%
Business License	13,624,700	14,631,924	1,007,224	7.39%
Expenditures				
Police Department	\$ 11,904,510	\$ 10,642,776	\$ (1,261,734)	-10.60%
Recreation Services/Sports Tourism	1,315,680	937,541	(378,139)	-28.74%
Athletic Programs	3,196,990	2,004,239	(1,192,751)	-37.31%
Non-Departmental	6,234,680	3,913,306	(2,321,374)	-37.23%

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, 2021, amounts to \$345,824,864 (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 \$9,913,410 (a 10.44 percent increase for governmental activities and an 0.08 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 fiscal year 2020-21, the City purchased property in the amount of \$225,857 to construct a fire station. This will bring 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, 2021, the City has expended \$19,881,251 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, 2021, the City has expended \$33,376 in Capital Sales Tax III funds.

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

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 18,707,549	\$ 18,470,643	\$ 1,670,030	\$ 1,670,030	\$ 20,377,579	\$ 20,140,673
Buildings and Systems	34,995,694	34,281,477	221,262,258	223,499,936	256,257,952	257,781,413
Infrastructure	35,457,225	30,412,785	-	-	35,457,225	30,412,785
Machinery and Equipment	7,344,883	4,843,387	4,097,005	3,893,020	11,441,888	8,736,407
Construction in Process	10,406,178	8,796,921	11,884,042	10,043,255	22,290,220	18,840,176
Totals	\$ 106,911,529	\$ 96,805,213	\$238,913,335	\$ 239,106,241	\$ 345,824,864	\$ 335,911,454

Additional information on the City's capital assets can be found in note IV.C beginning on page 66 of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$8,487,000 which is backed by the full faith and credit of the City, and other bonds outstanding of \$186,578,696, which are backed by specified revenue sources; the remaining \$23,187,696 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 8,487,000	\$ 9,943,388	\$ -	\$ -	\$ 8,487,000	\$ 9,943,388
Revenue Bonds	79,623,483	54,967,000	106,955,213	112,911,645	186,578,696	167,878,645
Notes Payable	220,000	285,000	18,208,157	19,317,822	18,428,157	19,602,822
Capital Leases	4,759,539	5,093,512	-	-	4,759,539	5,093,512
Totals	\$ 93,090,022	\$ 70,288,900	\$ 125,163,370	\$ 132,229,467	\$ 218,253,392	\$ 202,518,367

The City's total debt increased by \$15,735,025 (7.8 percent) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$14,713,760 exceeds the City's outstanding general obligation debt (net of amount available in the debt service fund) of \$7,527,233 by \$7,186,527.

Additional information on the City's long-term debt can be found in note IV. E and F beginning on page 69 of this report.

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2021 fiscal year:

- Amounts available in FY 2021-22 for appropriation in the General Fund are for \$41,091,000, a decrease of 13.4% from the FY 2020-21 final revised budget of \$46,591,850. The City's budget amendments were reviewed earlier in this report.
- In FY 2021-22 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 2021-22 budget projections include the City's estimates that may have a continued effect due to the COVID-19 pandemic.
- The Florence area unemployment rate decreased 51% from 8.8% in June 2020 to 4.3% in July 2021. In March 2020, the unemployment rate for the City was 2.8%, and in June 2019 the unemployment rate was 3.6%. The June 2021 unemployment rate for the State of South Carolina was 4.5%.

As for the City's business-type activities, we expect that the 2022 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 3-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 Timmonsville 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,848,673	\$ 6,665,869	\$ 23,514,542
Receivables	6,172,302	8,312,601	14,484,903
Inventories	8,742,185	1,439,319	10,181,504
Investments	17,825,396	39,506,593	57,331,989
Prepaid expenses	1,100,000	1,000	1,101,000
Restricted cash and cash equivalents	18,653,910	4,801,764	23,455,674
Restricted investments	9,276,329	-	9,276,329
Capital assets not being depreciated:			
Land	18,707,549	1,670,030	20,377,579
Construction in progress	10,406,178	11,884,042	22,290,220
Capital assets net of accumulated depreciation:			
Buildings and systems	34,995,694	221,262,258	256,257,952
Machinery and equipment	7,344,883	4,097,005	11,441,888
Infrastructure	35,457,225	-	35,457,225
TOTAL ASSETS	185,530,324	299,640,481	485,170,805
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	6,686,743	2,202,767	8,889,510
Deferred OPEB charges	1,064,776	382,927	1,447,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,751,519	2,585,694	10,337,213
LIABILITIES			
Accounts payable	2,583,299	2,459,172	5,042,471
Retainage payable	609,857	40,200	650,057
Accrued interest payable	532,421	1,118,298	1,650,719
Other liabilities	1,160,007	177,609	1,337,616
Unearned revenue	2,827,086	-	2,827,086
Noncurrent liabilities			
Long-term obligations - Due within one year	3,738,410	6,799,625	10,538,035
Due in more than one year -			
Long-term obligations	92,361,629	119,097,879	211,459,508
Net pension liability	33,918,121	13,158,979	47,077,100
Net OPEB liability	8,688,042	3,047,898	11,735,940
TOTAL LIABILITIES	146,418,872	145,899,660	292,318,532
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	1,376,995	327,148	1,704,143
Deferred OPEB credits	59,580	19,896	79,476
TOTAL DEFERRED INFLOWS OF RESOURCES	1,436,575	347,044	1,783,619
NET POSITION			
Net investment in capital assets	55,591,432	106,120,448	161,711,880
Restricted			
Debt service	970,317	4,599,746	5,570,063
Community development	1,643,827	-	1,643,827
Public safety	669,386	-	669,386
Tourism	126,825	-	126,825
Unrestricted	(13,575,391)	45,259,277	31,683,886
TOTAL NET POSITION	\$ 45,426,396	\$ 155,979,471	\$ 201,405,867

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, 2021

<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	\$ 10,195,496	\$ 14,699,374	\$ 138,845	\$ 1,417,451
Public safety	17,323,051	799,125	208,527	-
Public works	7,864,732	2,517,482	-	-
Culture and recreation	3,707,902	308,636	883,782	-
Community development	7,960,433	-	3,182,746	-
Interest on long-term debt	2,285,807	-	-	-
Total governmental activities	<u>49,337,421</u>	<u>18,324,617</u>	<u>4,413,900</u>	<u>1,417,451</u>
Business-type activities:				
Water and sewer	32,077,774	41,286,453	-	2,593,369
Stormwater	1,061,422	1,500,912	-	745,276
Total business-type activities	<u>33,139,196</u>	<u>42,787,365</u>	<u>-</u>	<u>3,338,645</u>
Total primary government	<u>\$ 82,476,617</u>	<u>\$ 61,111,982</u>	<u>\$ 4,413,900</u>	<u>\$ 4,756,096</u>

General Revenues:

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

Transfers

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 6,060,174	\$ -	\$ 6,060,174
(16,315,399)	-	(16,315,399)
(5,347,250)	-	(5,347,250)
(2,515,484)	-	(2,515,484)
(4,777,687)	-	(4,777,687)
<u>(2,285,807)</u>	<u>-</u>	<u>(2,285,807)</u>
<u>(25,181,453)</u>	<u>-</u>	<u>(25,181,453)</u>
-	11,802,048	11,802,048
-	1,184,766	1,184,766
<u>-</u>	<u>12,986,814</u>	<u>12,986,814</u>
<u>(25,181,453)</u>	<u>12,986,814</u>	<u>(12,194,639)</u>
11,655,963	-	11,655,963
4,722,870	-	4,722,870
4,982,456	-	4,982,456
38,984	78,725	117,709
7,453,161	1,365,334	8,818,495
114,941	-	114,941
<u>4,080,000</u>	<u>(4,080,000)</u>	<u>-</u>
<u>33,048,375</u>	<u>(2,635,941)</u>	<u>30,412,434</u>
7,866,922	10,350,873	18,217,795
<u>37,559,474</u>	<u>145,628,598</u>	<u>183,188,072</u>
<u>\$ 45,426,396</u>	<u>\$ 155,979,471</u>	<u>\$ 201,405,867</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, 2021

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,298,665	\$ 1,307,802	\$ -	\$ 5,242,206	\$ 16,848,673
Receivables					
Property taxes, less allowance for doubtful accounts	177,386	-	-	100,077	277,463
Due from other governmental agencies	5,062,702	-	-	358,408	5,421,110
Other	15,239	458,490	-	-	473,729
Due from other funds	1,445,861	-	-	502,789	1,948,650
Investments	14,167,520	-	-	3,657,876	17,825,396
Inventories	7,800,823	-	-	941,362	8,742,185
Prepaid expenses	1,100,000	-	-	-	1,100,000
Restricted cash and cash equivalents	18,496,623	140,797	-	16,490	18,653,910
Restricted investments	-	-	8,477,120	799,209	9,276,329
TOTAL ASSETS	<u>\$ 58,564,819</u>	<u>\$ 1,907,089</u>	<u>\$ 8,477,120</u>	<u>\$ 11,618,417</u>	<u>\$ 80,567,445</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,411,782	\$ 92,464	\$ -	\$ 1,079,053	\$ 2,583,299
Retainage payable	424,093	-	-	185,764	609,857
Due to other funds	-	-	1,678,838	269,812	1,948,650
Other liabilities	1,160,007	-	-	-	1,160,007
Unearned revenue	2,790,225	-	-	36,861	2,827,086
TOTAL LIABILITIES	<u>5,786,107</u>	<u>92,464</u>	<u>1,678,838</u>	<u>1,571,490</u>	<u>9,128,899</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	23,548	-	-	-	23,548
Total deferred inflows of resources	<u>23,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,548</u>
Fund balances:					
Nonspendable	8,900,823	-	-	941,362	9,842,185
Restricted	22,969,900	1,814,625	6,798,282	7,629,385	39,212,192
Committed	-	-	-	1,476,180	1,476,180
Assigned	4,855,737	-	-	-	4,855,737
Unassigned	16,028,704	-	-	-	16,028,704
TOTAL FUND BALANCES	<u>52,755,164</u>	<u>1,814,625</u>	<u>6,798,282</u>	<u>10,046,927</u>	<u>71,414,998</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,564,819</u>	<u>\$ 1,907,089</u>	<u>\$ 8,477,120</u>	<u>\$ 11,618,417</u>	<u>\$ 80,567,445</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, 2021

Total fund balances for governmental funds	\$ 71,414,998
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 (\$151,523,082) less accumulated depreciation (\$44,611,553).	106,911,529
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.	(28,608,373)
Other long-term liabilities are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	23,548
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(104,315,306)</u>
Net position of governmental activities	<u>\$ 45,426,396</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, 2021

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 11,137,320	\$ -	\$ -	\$ 678,161	\$ 11,815,481
Licenses, permits and fees	14,631,924	4,722,870	-	1,013,259	20,368,053
Intergovernmental	5,401,698	-	-	2,296,706	7,698,404
Charges for services	2,773,675	-	-	119,923	2,893,598
Fines and forfeitures	292,396	-	-	-	292,396
Investment earnings	17,931	454	18,459	2,140	38,984
Miscellaneous	4,599,928	-	-	5,797,814	10,397,742
TOTAL REVENUES	<u>38,854,872</u>	<u>4,723,324</u>	<u>18,459</u>	<u>9,908,003</u>	<u>53,504,658</u>
Expenditures					
Current:					
General government	7,727,705	1,172,295	-	-	8,900,000
Public safety	14,799,031	-	-	339,900	15,138,931
Public works	6,865,394	-	-	-	6,865,394
Culture and recreation	2,921,534	300,000	-	17,436	3,238,970
Community development	-	-	4,069,523	3,081,535	7,151,058
Debt service:					
Principal	196,667	927,000	-	619,332	1,742,999
Interest	1,073,129	284,481	-	928,197	2,285,807
Capital outlay	10,571,101	97,969	-	2,227,643	12,896,713
TOTAL EXPENDITURES	<u>44,154,561</u>	<u>2,781,745</u>	<u>4,069,523</u>	<u>7,214,043</u>	<u>58,219,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,299,689)</u>	<u>1,941,579</u>	<u>(4,051,064)</u>	<u>2,693,960</u>	<u>(4,715,214)</u>
Other Financing Sources (Uses)					
Issuance of debt	17,289,899	-	-	-	17,289,899
Refunding bonds issued	28,532,101	-	-	-	28,532,101
Payments to refunding bond escrow agent	(23,310,388)	-	-	-	(23,310,388)
Capital leases	267,104	-	-	-	267,104
Proceeds from sale of property	114,941	-	-	-	114,941
Insurance proceeds	12,296	-	-	-	12,296
Transfers in	4,961,506	-	-	656,106	5,617,612
Transfers out	-	(1,229,250)	-	(308,362)	(1,537,612)
NET OTHER FINANCING SOURCES (USES)	<u>27,867,459</u>	<u>(1,229,250)</u>	<u>-</u>	<u>347,744</u>	<u>26,985,953</u>
NET CHANGES IN FUND BALANCES	22,567,770	712,329	(4,051,064)	3,041,704	22,270,739
Fund balances at beginning of year, as restated	30,187,394	1,102,296	10,849,346	7,005,223	49,144,259
FUND BALANCES AT END OF YEAR	<u>\$ 52,755,164</u>	<u>\$ 1,814,625</u>	<u>\$ 6,798,282</u>	<u>\$ 10,046,927</u>	<u>\$ 71,414,998</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, 2021

Net change in fund balances-total governmental funds \$ 22,270,739

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 (\$12,896,713) exceeded depreciation (\$4,207,848) in the current period. 8,688,865

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. 1,417,451

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. (159,518)

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. (22,801,122)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (1,209,151)

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. (340,342)

Change in net position of governmental activities \$ 7,866,922

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 10,854,400	\$ 10,400,500	\$ 11,137,320	\$ 736,820
Licenses, permits and fees	14,650,000	13,624,700	14,631,924	1,007,224
Intergovernmental	5,157,000	5,353,800	5,401,698	47,898
Charges for services	2,920,000	2,512,000	2,773,675	261,675
Fines and forfeitures	380,000	246,100	292,396	46,296
Investment earnings	200,000	14,800	17,931	3,131
Miscellaneous	545,600	517,000	4,599,928	4,082,928
TOTAL REVENUES	<u>34,707,000</u>	<u>32,668,900</u>	<u>38,854,872</u>	<u>6,185,972</u>
Expenditures				
Current:				
General government	9,515,970	11,479,090	7,727,705	3,751,385
Public safety	16,742,600	15,956,170	14,799,031	1,157,139
Public works	7,408,780	6,994,290	6,865,394	128,896
Culture and recreation	3,421,450	5,079,070	2,921,534	2,157,536
Debt service:				
Principal	2,391,000	1,621,000	196,667	1,424,333
Interest	1,000	1,000	1,073,129	(1,072,129)
Capital outlay	1,204,200	5,461,230	10,571,101	(5,109,871)
TOTAL EXPENDITURES	<u>40,685,000</u>	<u>46,591,850</u>	<u>44,154,561</u>	<u>2,437,289</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(5,978,000)</u>	<u>(13,922,950)</u>	<u>(5,299,689)</u>	<u>8,623,261</u>
Other Financing Sources				
Issuance of debt	-	-	17,289,899	17,289,899
Refunding bonds issued	-	-	28,532,101	28,532,101
Payments to refunding bond escrow agent	-	-	(23,310,388)	(23,310,388)
Capital leases	-	-	267,104	267,104
Proceeds from sale of property	-	114,900	114,941	41
Insurance proceeds	143,000	11,000	12,296	1,296
Transfers in	5,835,000	5,617,150	4,961,506	(655,644)
Appropriation of fund balance	-	8,179,900	-	(8,179,900)
NET OTHER FINANCING SOURCES	<u>5,978,000</u>	<u>13,922,950</u>	<u>27,867,459</u>	<u>13,944,509</u>
NET CHANGE IN FUND BALANCE	-	-	22,567,770	22,567,770
Fund balance at beginning of year	<u>30,187,394</u>	<u>30,187,394</u>	<u>30,187,394</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 30,187,394</u>	<u>\$ 30,187,394</u>	<u>\$ 52,755,164</u>	<u>\$ 22,567,770</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, 2021

	<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	\$ 4,605,000	\$ 4,605,800	\$ 4,722,870	\$ 117,070
Investment earnings	1,000	200	454	254
Miscellaneous	-	3,000	-	(3,000)
TOTAL REVENUES	<u>4,606,000</u>	<u>4,609,000</u>	<u>4,723,324</u>	<u>114,324</u>
Expenditures				
Current:				
General government	1,528,700	1,430,700	1,172,295	258,405
Culture and recreation	293,300	296,300	300,000	(3,700)
Debt service:				
Principal	1,414,000	1,512,000	927,000	585,000
Interest	-	-	284,481	(284,481)
Capital Outlay	1,370,000	1,370,000	97,969	1,272,031
TOTAL EXPENDITURES	<u>4,606,000</u>	<u>4,609,000</u>	<u>2,781,745</u>	<u>1,827,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,941,579</u>	<u>1,941,579</u>
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(1,229,250)	(1,229,250)
NET OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,229,250)</u>	<u>(1,229,250)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>712,329</u>	<u>712,329</u>
Fund balance at beginning of year	<u>1,102,296</u>	<u>1,102,296</u>	<u>1,102,296</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,102,296</u>	<u>\$ 1,102,296</u>	<u>\$ 1,814,625</u>	<u>\$ 712,329</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, 2021

	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	\$ 4,817,293	\$ 1,848,576	\$ 6,665,869
Accounts receivable, net	6,692,621	200,980	6,893,601
Other receivables	1,419,000	-	1,419,000
Investments	38,909,133	597,460	39,506,593
Prepaid expenses	-	1,000	1,000
Inventories	1,439,319	-	1,439,319
Restricted cash and cash equivalents	4,801,749	15	4,801,764
Total current assets	<u>58,079,115</u>	<u>2,648,031</u>	<u>60,727,146</u>
Noncurrent assets:			
Capital assets			
Land	1,407,334	262,696	1,670,030
Buildings and system	326,781,198	8,133,222	334,914,420
Construction in progress	11,884,042	-	11,884,042
Machinery and equipment	10,428,286	1,732,135	12,160,421
Less accumulated depreciation	<u>(114,314,997)</u>	<u>(7,400,581)</u>	<u>(121,715,578)</u>
Total capital assets (net of accumulated depreciation)	<u>236,185,863</u>	<u>2,727,472</u>	<u>238,913,335</u>
Total noncurrent assets	<u>236,185,863</u>	<u>2,727,472</u>	<u>238,913,335</u>
TOTAL ASSETS	<u>294,264,978</u>	<u>5,375,503</u>	<u>299,640,481</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	2,055,916	146,851	2,202,767
Deferred OPEB charges	<u>365,188</u>	<u>17,739</u>	<u>382,927</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,421,104</u>	<u>164,590</u>	<u>2,585,694</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,199,351	259,821	2,459,172
Retainage payable	40,200	-	40,200
Accrued interest	1,118,298	-	1,118,298
Other liabilities	167,208	10,401	177,609
Compensated absences - current	144,000	2,700	146,700
Notes payable - current	1,070,063	-	1,070,063
Revenue bonds payable - current	<u>5,582,862</u>	<u>-</u>	<u>5,582,862</u>
Total current liabilities	<u>10,321,982</u>	<u>272,922</u>	<u>10,594,904</u>
Noncurrent liabilities:			
Accrued compensated absences	557,203	30,231	587,434
Notes payable	17,138,095	-	17,138,095
Revenue bonds payable	101,372,350	-	101,372,350
Net pension liability	12,281,713	877,266	13,158,979
Net OPEB liability	<u>2,932,262</u>	<u>115,636</u>	<u>3,047,898</u>
Total noncurrent liabilities	<u>134,281,623</u>	<u>1,023,133</u>	<u>135,304,756</u>
TOTAL LIABILITIES	<u>144,603,605</u>	<u>1,296,055</u>	<u>145,899,660</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	305,338	21,810	327,148
Deferred OPEB credits	<u>19,486</u>	<u>410</u>	<u>19,896</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>324,824</u>	<u>22,220</u>	<u>347,044</u>
NET POSITION			
Net investment in capital assets	103,392,976	2,727,472	106,120,448
Restricted for debt service	4,599,746	-	4,599,746
Unrestricted	<u>43,764,931</u>	<u>1,494,346</u>	<u>45,259,277</u>
TOTAL NET POSITION	<u>\$ 151,757,653</u>	<u>\$ 4,221,818</u>	<u>\$ 155,979,471</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, 2021

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Utility Fund	
Operating Revenues			
Current use charges	\$ 40,026,598	\$ -	\$ 40,026,598
Miscellaneous	1,239,489	125,845	1,365,334
Water and sewer tap fees	1,259,855	-	1,259,855
Storm water service fees	-	1,500,912	1,500,912
Total operating revenues	<u>42,525,942</u>	<u>1,626,757</u>	<u>44,152,699</u>
Operating Expenses			
Personnel	5,347,411	335,228	5,682,639
Employee benefits	3,260,331	153,874	3,414,205
Purchased services	6,367,090	240,141	6,607,231
Supplies and materials	1,346,684	6,671	1,353,355
Other operating expenses	2,164,958	65,854	2,230,812
Depreciation and amortization	9,564,788	251,154	9,815,942
Total operating expenses	<u>28,051,262</u>	<u>1,052,922</u>	<u>29,104,184</u>
Operating Income	<u>14,474,680</u>	<u>573,835</u>	<u>15,048,515</u>
Nonoperating Revenues (Expenses)			
Investment earnings	77,677	1,048	78,725
Economic development	(1,049,094)	-	(1,049,094)
Miscellaneous expenses	(7,570)	-	(7,570)
Interest expense	(2,969,848)	(8,500)	(2,978,348)
Total nonoperating revenues (expenses)	<u>(3,948,835)</u>	<u>(7,452)</u>	<u>(3,956,287)</u>
Income Before Transfers and Capital Contributions	<u>10,525,845</u>	<u>566,383</u>	<u>11,092,228</u>
Capital Contributions	<u>2,593,369</u>	<u>745,276</u>	<u>3,338,645</u>
Income Before Transfers	<u>13,119,214</u>	<u>1,311,659</u>	<u>14,430,873</u>
Transfers			
Transfers out	(3,970,000)	(110,000)	(4,080,000)
Total transfers	<u>(3,970,000)</u>	<u>(110,000)</u>	<u>(4,080,000)</u>
Changes in Net Position	<u>9,149,214</u>	<u>1,201,659</u>	<u>10,350,873</u>
Net position at beginning of year	<u>142,608,439</u>	<u>3,020,159</u>	<u>145,628,598</u>
NET POSITION AT END OF YEAR	<u>\$ 151,757,653</u>	<u>\$ 4,221,818</u>	<u>\$ 155,979,471</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, 2021

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewer Fund	Non-Major Fund Storm Water Utility Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 38,457,270	\$ 1,404,063	\$ 39,861,333
Payments to employees for services	(5,326,072)	(336,655)	(5,662,727)
Payments to suppliers for goods and services	(12,962,389)	(170,229)	(13,132,618)
Other receipts	1,231,919	125,845	1,357,764
Net cash provided by operating activities	21,400,728	1,023,024	22,423,752
Cash flows from noncapital financing activities			
Transfers out	(3,970,000)	(110,000)	(4,080,000)
Net cash used in noncapital financing activities	(3,970,000)	(110,000)	(4,080,000)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(7,124,205)	(278,777)	(7,402,982)
Principal payments on revenue bonds and notes	(6,716,097)	(350,000)	(7,066,097)
Interest on bonds and notes	(3,002,796)	(9,273)	(3,012,069)
Net cash used in capital and related financing activities	(16,843,098)	(638,050)	(17,481,148)
Cash flows from investing activities			
Investment purchases	2,174,824	22,163	2,196,987
Investment income	77,677	1,048	78,725
Net cash provided by investing activities	2,252,501	23,211	2,275,712
Net increase in cash and cash equivalents	2,840,131	298,185	3,138,316
Cash and cash equivalents at beginning of year	6,778,911	1,550,406	8,329,317
Cash and cash equivalents at end of year	\$ 9,619,042	\$ 1,848,591	\$ 11,467,633
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,817,293	\$ 1,848,576	\$ 6,665,869
Restricted cash and cash equivalents	4,801,749	15	4,801,764
Total cash and cash equivalents	\$ 9,619,042	\$ 1,848,591	\$ 11,467,633

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Water and</u>	<u>Stormwater</u>	
	<u>Sewer Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 14,474,680	\$ 573,835	\$ 15,048,515
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,564,788	251,154	9,815,942
Non-cash pension expense	607,521	43,394	650,915
Increase in:			
Receivables	(2,829,183)	(96,849)	(2,926,032)
Inventories	(1,144,953)	-	(1,144,953)
Increase (decrease) in:			
Accounts payable	708,641	253,917	962,558
Retainage payable	(2,105)	-	(2,105)
Accrued expenses	31,969	1,188	33,157
Compensated absences	(10,630)	(2,615)	(13,245)
	<u>\$ 21,400,728</u>	<u>\$ 1,023,024</u>	<u>\$ 22,423,752</u>
Net cash provided by operating activities			
	<u>\$ 21,400,728</u>	<u>\$ 1,023,024</u>	<u>\$ 22,423,752</u>
Non-cash Investing, Capital and Financing Activities:			
Contributed assets	<u>\$ 2,593,369</u>	<u>\$ 745,276</u>	<u>\$ 3,338,645</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, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 279,541
Investments	216,763
Accounts receivable	<u>110</u>
Total assets	<u>496,414</u>
LIABILITIES	
Accounts payable	<u>2,550</u>
Total liabilities	<u>2,550</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>493,864</u>
Total net position	<u>\$ 493,864</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, 2021

	Custodial Funds
Additions	
Investment earnings	\$ 2
Program revenue-intergovernmental	<u>64,686</u>
Total additions	<u>64,688</u>
Deductions	
Payment of escrow funds	<u>19,284</u>
Total deductions	<u>19,284</u>
Net changes in fund balances	<u>45,404</u>
Net position - July 1, as restated	<u>448,460</u>
Net position - ending	<u>\$ 493,864</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, 2021

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, 2021

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 \$649,666 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2021. 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, 2021

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, Fire Trust, Veterans Park Development, Florence Area Humane Society 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 II and the Installment Purchase Revenue Bond Capital Projects Fund.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of Water and Sewer Utilities and 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, 2021

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.

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, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No. 84. In 2020, the City implemented provisions of GASB Statement No. 84 (Statement No. 84), *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The financial statements for governmental activities for the year ended June 30, 2021 have been restated as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of the restatement on the beginning balance is reflected in Note VI.

New Accounting Pronouncements

The GASB has issued the following new statements:

- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2022;
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending June 30, 2022;
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2023;
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending June 30, 2022;
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending June 30, 2022;
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ended June 30, 2023;
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending June 30, 2023; and
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for the year ended June 30, 2022.

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

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

1. Cash and Investments

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

Governmental Funds

Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements to the extent the City's capitalization threshold of \$8,000 for equipment and site improvements, \$15,000 for buildings and building improvements and \$50,000 for infrastructure is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements that produce permanent benefits, such as fill and grading costs that ready land for structures and landscaping, are capitalized but not depreciated. Improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Continued)

Proprietary Fund Types (Continued)

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

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

6. Unearned and Unavailable Revenues

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

7. Property Taxes

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

Assessed values are established by the Florence County Assessor and the South Carolina Department of Revenue and were approximately \$183.9 million for the 2020 tax year. The City's property tax rate for fiscal year 2021 was 63.1 mils (operating 59.1, debt service 4.0). Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

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

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

8. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned, but unused vacation and sick leave, which may be paid to employees upon separation from the City's service. Accumulated unpaid vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences that are expected to be liquidated with expendable financial resources as a result of employee resignations and retirements as of the end of the fiscal year are reported as an expenditure and a fund liability of the government fund that will pay it.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

10. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has three types of deferred inflows of resources: (1) The City reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System and (3) *Deferred OPEB credits* with its defined benefit post-employment healthcare plan. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance

Government-wide Statements

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

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

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

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

Fund Statements

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

The classifications are as follows:

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

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, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. 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.

12. Estimates

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

13. Pensions

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

14. Other Post-Employment Benefits

Other Post-Employment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note V.B for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 75.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Fair Value

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

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

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

16. Tax Abatement Agreements

During the year ended June 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2021, the City did not have any such agreements, either entered into by the City or other governments, that exceeded the quantitative threshold for disclosure.

17. Operating Revenues and Expenses

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

18. Lease Accounting

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

19. Interfund Activity

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

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

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

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

Accrued interest payable	\$ (532,421)
Capital leases payable	(4,759,539)
Notes payable	(220,000)
General obligation bonds payable	(8,487,000)
Revenue bonds payable	(79,623,483)
Compensated absences	(3,010,017)
OPEB liability payable	<u>(7,682,846)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (104,315,306)</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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

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

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

One element of that reconciliation states that "Governmental funds do not report amounts not received within 60 days of year end as revenue. However, in the statement of activities, amounts are recorded as revenue when earned." The details of this \$(159,518) difference are as follows:

Deferred revenue – current year	\$ 23,548
Deferred revenue – prior year	<u>(183,066)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (159,518)</u>

Another element of that reconciliation states that "Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net position." The details of this (\$22,801,122) difference are as follows:

Issuance of debt	\$ (47,986,261)
Payment of long-term debt principal	<u>25,185,139</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (22,801,122)</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 \$(340,342) difference are as follows:

Compensated absences – current year	\$ (3,010,017)
Compensated absences – prior year	2,853,703
Accrued interest – current year accrual	(532,421)
Accrued interest – prior year accrual	247,202
Net OPEB liability – current year accrual	<u>101,191</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (340,342)</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

For the fiscal year ended June 30, 2021, 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, 2021, the City's bank balance was \$24,379,308, 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 \$18,653,910 at June 30, 2021, in the Governmental Funds is comprised of grant funds and unspent loan proceeds. Restricted cash of \$4,801,764 in the Enterprise Fund includes \$1,003,063 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2021, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
US Government Agency Obligations	\$ 7,082,337	\$ 6,732,745	\$ 349,592	N/A
South Carolina Local Government Investment Pool	<u>59,525,981</u>	<u>59,525,981</u>	<u>-</u>	N/A
	<u>\$ 66,608,318</u>	<u>\$ 66,258,726</u>	<u>\$ 349,592</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, 2021 consist of its investments in fixed income securities and are valued using readily determinable market values, meaning there is a quoted price for identical assets in an active market (level 1 inputs). The City's investment in the LGIP is valued at net asset value.

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

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

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

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

B. Receivables

Receivables as of June 30, 2021, 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	\$ 425,638	\$ -	\$ 100,077	\$ 525,715
Intergovernmental	5,062,702	-	358,408	5,421,110
Other	<u>15,239</u>	<u>458,490</u>	<u>-</u>	<u>473,729</u>
Gross receivables	5,503,579	458,490	458,485	6,420,554
Less: Allowance for uncollectibles	<u>(248,252)</u>	<u>-</u>	<u>-</u>	<u>(248,252)</u>
Total receivables (net)	<u>\$ 5,255,327</u>	<u>\$ 458,490</u>	<u>\$ 458,485</u>	<u>\$ 6,172,302</u>
			Total Business-type Activities	
Business-Type Activities	Water and Sewer	Storm water Utility	Total Business-type Activities	
Accounts receivable	\$ 7,377,710	\$ 210,253	\$ 7,587,963	
Other	<u>1,419,000</u>	<u>-</u>	<u>1,419,000</u>	
Gross receivables	8,796,710	210,253	9,006,963	
Less: Allowance for uncollectibles	<u>(685,089)</u>	<u>(9,273)</u>	<u>(694,362)</u>	
Total receivables (net)	<u>\$ 8,111,621</u>	<u>\$ 200,980</u>	<u>\$ 8,312,601</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, 2021, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 23,548	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	39,839
Local option sales tax receivable	<u>-</u>	<u>2,787,247</u>
	<u>\$ 23,548</u>	<u>\$ 2,827,086</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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

C. Capital Assets

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

	Balances				Balances
	June 30, 2020	Increases	Decreases	Transfers	June 30, 2021
Capital assets not being depreciated:					
Land	\$ 18,470,643	\$ 236,906	\$ -	\$ -	\$ 18,707,549
Construction in progress	8,796,921	9,479,053	-	(7,869,796)	10,406,178
Total capital assets not being depreciated	27,267,564	9,715,959	-	(7,869,796)	29,113,727
Capital assets being depreciated:					
Buildings	41,439,202	245,496	-	1,584,893	43,269,591
Infrastructure	50,304,796	1,417,451	-	5,627,661	57,349,908
Machinery and equipment	19,106,315	2,935,258	980,351	728,634	21,789,856
Total capital assets being depreciated	110,850,313	4,598,205	980,351	7,941,188	122,409,355
Less accumulated depreciation for:					
Buildings	(7,157,725)	(1,115,203)	-	(969)	(8,273,897)
Infrastructure	(19,892,011)	(2,001,641)	-	969	(21,892,683)
Machinery and equipment	(14,262,928)	(1,091,004)	(980,351)	(71,392)	(14,444,973)
Total accumulated depreciation	(41,312,664)	(4,207,848)	(980,351)	(71,392)	(44,611,553)
Total capital assets being depreciated, net	69,537,649	390,357	-	7,869,796	77,797,802
Governmental activities capital assets, net	\$ 96,805,213	\$ 10,106,316	\$ -	\$ -	\$ 106,911,529

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

	Balances				Balances
	June 30, 2020	Increases	Decreases	Transfers	June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,670,030	\$ -	\$ -	\$ -	\$ 1,670,030
Construction in progress	10,043,255	5,199,432	52,340	(3,306,305)	11,884,042
Total capital assets not being depreciated	11,713,285	5,199,432	52,340	(3,306,305)	13,554,072
Capital assets being depreciated:					
Buildings and system	328,217,131	3,390,984	-	3,306,305	334,914,420
Machinery and equipment	11,375,752	1,084,961	228,900	(71,392)	12,160,421
Total capital assets being depreciated	339,592,883	4,475,945	228,900	3,234,913	347,074,841

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

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

C. Capital Assets (Continued)

	Balances			Transfers	Balances
	June 30, 2020	Increases	Decreases		June 30, 2021
Less accumulated depreciation for:					
Buildings and system	(104,717,195)	(8,934,967)	-	-	(113,652,162)
Machinery and equipment	(7,482,732)	(880,976)	(228,900)	71,392	(8,063,416)
Total accumulated depreciation	(112,199,927)	(9,815,943)	(228,900)	71,392	(121,715,578)
Total capital assets being depreciated, net	227,392,956	(5,339,998)	-	-	222,052,958
Business-type activities capital assets, net	<u>\$239,106,241</u>	<u>\$ (140,566)</u>	<u>\$ 52,340</u>	<u>\$ -</u>	<u>\$ 238,913,335</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 427,659
Public safety		653,904
Public works		1,787,016
Culture and recreation		1,339,269
Total depreciation - governmental activities		<u>\$ 4,207,848</u>
Business-Type Activities		
Water and sewer		\$ 9,564,789
Storm water		251,154
Total depreciation - business-type activities		<u>\$ 9,815,943</u>

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2021 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,445,861	\$ -
Installment Purchase Rev Bond Capital Projects Fund	-	1,678,838
Nonmajor governmental	502,789	269,812
Total	<u>\$ 1,948,650</u>	<u>\$ 1,948,650</u>

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

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

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

Interfund transfers for the year ended June 30, 2021, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 4,961,506	\$ -
Hospitality fund	-	1,229,250
Nonmajor governmental funds	<u>656,106</u>	<u>308,362</u>
Total governmental funds	<u>5,617,612</u>	<u>1,537,612</u>
Water and sewer enterprise fund	-	3,970,000
Nonmajor enterprise funds	<u>-</u>	<u>110,000</u>
Total enterprise funds	<u>-</u>	<u>4,080,000</u>
Total transfers out	<u>\$ 5,617,612</u>	<u>\$ 5,617,612</u>

The transfers consist primarily of \$4,080,000 to General Fund from Enterprise Funds and \$1,229,250 to General Fund from Hospitality Fund based on budgetary authorization.

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

E. Capital Leases

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

Machinery & equipment	\$ 3,073,886
Buildings	5,300,000
Less: accumulated depreciation	<u>(2,021,199)</u>
Total	<u>\$ 6,352,687</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2021, were as follows:

Year Ending	
<u>June 30,</u>	
2022	\$ 706,859
2023	524,091
2024	524,091
2025	476,506
2026	457,083
2027-2031	1,950,000
2032-2033	<u>780,000</u>
	5,418,630
Less amount representing interest	<u>(659,091)</u>
	<u>\$ 4,759,539</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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, 2021 is as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities					
Tax Increment Revenue Bonds	\$ 35,570,000	\$ -	\$ 150,000	\$ 35,420,000	\$ 230,000
Direct borrowing and direct placement notes:					
General obligations bonds	2,578,388	8,487,000	2,578,388	8,487,000	581,000
Hospitality Revenue Bonds	6,030,000	-	927,000	5,103,000	766,000
Installment Purchase Revenue Bond	13,367,000	37,335,000	13,367,000	37,335,000	1,240,000
Bond Anticipation Notes	7,365,000	-	7,365,000	-	-
US HUD Section 108 Loan	285,000	-	65,000	220,000	65,000
Bond Premium	-	1,897,235	131,752	1,765,483	-
Total direct borrowing and direct placement notes	29,625,388	47,719,235	24,434,140	52,910,483	2,652,000
Capital leases	5,093,512	267,026	600,999	4,759,539	596,410
Compensated absences	2,853,703	3,184,842	3,028,528	3,010,017	260,000
	<u>\$ 73,142,603</u>	<u>\$ 51,171,103</u>	<u>\$ 28,213,667</u>	<u>\$ 96,100,039</u>	<u>\$ 3,738,410</u>
Business-Type Activities					
2016 Series Water & Sewer Revenue Bonds	\$ 12,145,000	\$ -	\$ 2,290,000	\$ 9,855,000	\$ 2,345,000
2019A Series Water & Sewer Revenue Bonds	68,590,000	-	910,000	67,680,000	955,000
Bond premium	9,194,802	-	602,422	8,592,380	602,422
Total bonds payable	89,929,802	-	3,802,422	86,127,380	3,902,422
Direct borrowing and direct placement notes:					
Water and Sewer SRF Notes	19,317,822	-	1,109,665	18,208,157	1,070,063
2006 Series Storm water Revenue Bonds	350,000	-	350,000	-	-
2014 Series RD Water & Sewer Revenue Bonds	5,369,667	-	238,231	5,131,436	116,181
2015 Series Water & Sewer Revenue Bonds	2,010,176	-	146,779	1,863,397	150,259
2020 Series Water & Sewer Revenue Bonds	15,252,000	-	1,419,000	13,833,000	1,414,000
Total direct borrowing and direct placement notes	42,299,665	-	3,263,675	39,035,990	2,750,503
Compensated absences					
Water and sewer	711,833	895,075	905,705	701,203	144,000
Storm water	35,546	56,261	58,876	32,931	2,700
	<u>747,379</u>	<u>951,336</u>	<u>964,581</u>	<u>734,134</u>	<u>146,700</u>
	<u>\$ 132,976,846</u>	<u>\$ 951,336</u>	<u>\$ 8,030,678</u>	<u>\$ 125,897,504</u>	<u>\$ 6,799,625</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, 2021

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, 2021 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. \$ 6,267,000

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. 2,220,000
\$ 8,487,000

Revenue bonds payable from governmental activities at June 30, 2021 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. \$ 8,905,000

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. 1,520,000

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. 3,583,000

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

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 requires 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.

37,335,000

Total revenue bonds

\$ 77,858,000

Notes payable from governmental activities at June 30, 2021 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.

\$ 220,000

Total notes payable

\$ 220,000

Governmental activities debt service to maturity is as follows:

Year Ending June 30,	Total Direct Borrowings		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 1,412,000	\$ 279,279	\$ 596,410	\$ 110,449
2023	1,452,000	247,969	428,975	95,116
2024	1,516,000	215,293	440,729	83,362
2025	818,000	182,412	402,634	73,872
2026	836,000	167,387	392,294	64,789
2027-2031	4,371,000	583,687	1,744,827	205,173
2032-2035	3,405,000	136,619	753,670	12,289
	<u>\$ 13,810,000</u>	<u>\$ 1,812,646</u>	<u>\$ 4,759,539</u>	<u>\$ 645,050</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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
2022	\$ 1,470,000	\$ 2,424,989	\$ 3,478,410	\$ 2,814,717
2023	1,595,000	2,376,818	3,475,975	2,719,903
2024	1,715,000	2,323,151	3,671,729	2,621,806
2025	2,575,000	2,257,869	3,795,634	2,514,153
2026	2,745,000	2,183,877	3,973,294	2,416,053
2027-2031	14,375,000	9,713,456	20,490,827	10,502,316
2032-2036	14,810,000	7,344,359	18,968,670	7,493,267
2037-2041	12,445,000	5,274,096	12,445,000	5,274,096
2042-2046	17,690,000	2,491,458	17,690,000	2,491,458
2047-2051	3,335,000	58,363	3,335,000	58,363
	<u>\$ 72,755,000</u>	<u>\$ 36,448,436</u>	<u>\$ 91,324,539</u>	<u>\$ 38,906,132</u>

Remedies for events of default

The City's outstanding notes and bonds from direct borrowings and direct placements related to governmental activities in the outstanding principal amount of \$13,810,000 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

In September 2020, the City refunded its 2000 SRF loan, 2003 SRF loan and 2009 SRF loan through the issuance of 2020 Series Bonds in a current refunding transaction. This refunding transaction resulted in a difference in the amount of cash flows required on the refunded bonds and the refunding bonds of \$777,890 and an economic gain on the refunding of \$777,890.

Also in August 2020, the City refunded its 2010 General Obligation bonds through the issuance of 2020A General Obligation Refunding Bonds, in a current refunding transaction. This refunding transaction resulted in a difference in the amount of cash flows required on the refunded bonds and the refunding bonds of \$103,008 and an economic gain on the refunding of \$103,008.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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

F. Long-Term Debt (Continued)

Defeasance Debt and Refundings (Continued)

Also in September 2020, the City refunded its 2017 Installment Purchase Revenue bonds through the issuance of 2020B Installment Purchase Revenue bonds in a current refunding transaction. This refunding transaction resulted in a difference in the amount of cash flows required on the refunded bonds and the refunding bonds of \$1,210,391 and an economic gain on the refunding of \$1,042,201.

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

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, 2021</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2014	6,004,585	1.875	3/28/2053	\$ 5,131,436
	Series 2015	2,702,348	2.35	6/1/2032	1,863,397
	Series 2016	14,405,000	1.75	9/1/2024	9,855,000
	Series 2019	68,590,000	2.46	6/30/2040	67,680,000
	Series 2020	15,252,000	1.17	7/1/2031	<u>13,833,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					<u>\$ 98,362,833</u>

	<u>Date of Issuance</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2021</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 2013	10,626,372	1.90	4/1/2034	\$ 7,340,657
	September 2013	3,890,000	1.90	9/1/2034	2,687,317
	September 2014	1,750,566	1.00	4/1/2045	1,357,025
	June 2018	2,260,938	1.00	12/1/2048	2,013,469
	June 2018*	5,730,149	1.00	2/1/2049	<u>4,809,689</u>
Total Notes Payable					<u>\$ 18,208,157</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, 2021, 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:

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Direct Borrowing and Direct Placement Notes</u>		<u>Total Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,300,000	\$ 2,959,825	\$ 2,750,492	\$ 573,084	\$ 6,050,492	\$ 3,532,909
2023	3,410,000	2,839,275	2,789,116	533,887	6,199,116	3,373,162
2024	3,560,000	2,689,550	2,829,153	494,091	6,389,153	3,183,641
2025	3,715,000	2,533,200	2,869,609	453,676	6,584,609	2,986,876
2026	4,130,000	2,350,100	2,910,493	412,634	7,040,493	2,762,734
2027-2031	19,305,000	8,706,125	14,118,295	1,428,598	33,423,295	10,134,723
2032-2036	20,550,000	4,595,125	5,812,281	606,404	26,362,281	5,201,529
2037-2041	19,565,000	1,225,575	2,105,611	350,923	21,670,611	1,576,498
2042-2046	-	-	1,297,194	226,309	1,297,194	226,309
2047-2051	-	-	1,044,377	114,748	1,044,377	114,748
2052-2055	-	-	509,369	19,955	509,369	19,955
	<u>\$ 77,535,000</u>	<u>\$ 27,898,775</u>	<u>\$ 39,035,990</u>	<u>\$ 5,214,309</u>	<u>\$ 116,570,990</u>	<u>\$ 33,113,084</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

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 \$39,035,990 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, 2021, fund balances are composed of the following:

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable	\$ 8,900,823	\$ -	\$ -	\$ 941,362	\$ 9,842,185
Restricted for:					
Community Development:					
Housing Partnership	-	-	-	22,371	22,371
NSP Grant	-	-	-	63,570	63,570
NSP-3 Grant	-	-	-	108,856	108,856
Neighborhood Imp. Program	-	-	-	45,015	45,015
Veterans Park Development	-	-	-	501	501
American Rescue Plan Act	-	-	-	3,971,807	3,971,807
Public Safety:					
E-911	-	-	-	454,918	454,918
Drug Control	-	-	-	114,430	114,430
Federal Equitable Sharing	-	-	-	35,784	35,784
Public Safety Grants	-	-	-	50,924	50,924
Fire Trust	-	-	-	13,330	13,330
Capital Projects:					
TIF Revenue & Debt Services	-	-	-	21,108	21,108
TIF Construction Projects	-	-	-	1,629,629	1,629,629
Installment Purchase Rev Bonds	-	-	6,798,282	-	6,798,282
Downtown Florence	22,969,900	-	-	-	22,969,900
Tourism:					
Accommodation Tax	-	-	-	22,840	22,840
Sunday Local Option Revenue Fund	-	-	-	103,985	103,985
Hospitality Fund	-	1,814,625	-	-	1,814,625
Debt Service	-	-	-	970,317	970,317
	<u>22,969,900</u>	<u>1,814,625</u>	<u>6,798,282</u>	<u>7,629,385</u>	<u>39,212,192</u>
Committed to:					
Neighborhood Redevelopment	-	-	-	1,147,258	1,147,258
Rollcart and Equipment Replacement	-	-	-	328,922	328,922
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,476,180</u>	<u>1,476,180</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2021

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	Other Governmental Funds	Total Governmental Funds
Assigned to:					
Subsequent Year's					
Expenditures	4,330,100	-	-	-	4,330,100
Downtown Redevelopment:					
Downtown Revitalization	227,791	-	-	-	227,791
Capital Projects:					
City Center Reserve Fund	205,912	-	-	-	205,912
Hurricane Matthew	51,924	-	-	-	51,924
Parks and Athletic Programs:					
Recreation Registration	1,663	-	-	-	1,663
Recreation Projects	17,127	-	-	-	17,127
Park Commission	4,803	-	-	-	4,803
Recreation Programs	12,305	-	-	-	12,305
Employee Assistance	4,112	-	-	-	4,112
	<u>4,855,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,855,737</u>
Unassigned	16,028,704	-	-	-	16,028,704
Total Fund Balances	<u>\$ 52,755,164</u>	<u>\$ 1,814,625</u>	<u>\$ 6,798,282</u>	<u>\$ 10,046,927</u>	<u>\$ 71,414,998</u>

NOTE V - OTHER INFORMATION

A. Employee Benefits

1. State Retirement Plans

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

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information for the South Carolina Retirement Systems' pension trust funds. The ACFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy of the separately issued ACFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the five pension plans are included in the State of South Carolina's ACFR.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Membership (Continued)

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.

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, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (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.

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.

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 City, 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions (Continued)

Required employee contribution rates for fiscal years 2020 and 2021 are as follows:

SCRS

Employee Class Two	9.00%
Employee Class Three	9.00%

PORS

Employee Class Two	9.75%
Employee Class Three	9.75%

Required employer contribution rates for fiscal years 2020 and 2021 are as follows:

SCRS

Employee Class Two	15.41%
Employee Class Three	15.41%
Employer Incidental Death Benefit	0.15%

PORS

Employee Class Two	17.84%
Employee Class Three	17.84%
Employer Incidental Death Benefit	0.20%
Employer Accidental Death Program	0.20%

The General Assembly funded a one-time credit for employer contributions of one percent for most employers in SCRS for fiscal year 2021 and 2020.

The amount due to SCRS and PORS was \$441,315 at June 30, 2021. The amount was due to PEBA by July 31, 2021 for legally required contributions per the preceding table for the month of June 2021.

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 as of June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2019 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith & Company (GRS), and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to June 30, 2020 using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions, and methods used to calculate the total pension liability as of June 30, 2020:

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

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

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

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, 2020 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	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

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, 2021, the City reported a liability of \$29,242,173 for SCRS and \$17,834,927 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 and 2019, the City's proportion was:

	<u>2020</u>	<u>2019</u>
SCRS	0.114443%	0.118127%
PORS	0.537810%	0.554894%

For the year ended June 30, 2021, the City recognized pension expense of \$3,450,718 for SCRS and \$1,986,635 for PORS. At June 30, 2021, 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	\$ 337,416	\$ 110,577
Change in assumptions	35,826	-
Net difference between projected and actual earnings on pension plan investments	2,151,007	-
Changes in proportion and differences between City contributions and proportionate share of contributions	369,313	616,418
City contributions subsequent to the measurement date	2,004,238	-
Total	<u>\$ 4,897,800</u>	<u>\$ 726,995</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 379,029	\$ 78,505
Change in assumptions	217,645	-
Net difference between projected and actual earnings on pension plan investments	1,826,256	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	898,643
City contributions subsequent to the measurement date	1,568,780	-
Total	\$ 3,991,710	\$ 977,148

\$2,004,238 for SCRS and \$1,568,780 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS
2022	\$ 391,670	\$ 434,225
2023	610,258	357,833
2024	671,942	362,833
2025	492,697	290,891
Total	\$ 2,166,567	\$ 1,445,782

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 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Long-term expected rate of return (Continued)

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

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
			8.05%

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

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

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 37,408,795	\$ 29,242,173	\$ 24,150,362
PORS	\$ 24,360,437	\$ 17,834,927	\$ 13,616,787

City's Liabilities, Deferred Amounts and Pension Expense

As of June 30, 2021, net pension liability and deferred amounts, and pension expenses for the year ended June 30, 2021 for the City were:

	SCRS	PORS	Total
Net pension liability	\$ 29,242,173	\$ 17,834,927	\$ 47,077,100
Deferred pension outflows	4,897,800	3,991,710	8,889,510
Deferred pension inflows	726,995	977,148	1,704,143
Pension expense	3,450,718	1,986,635	5,437,353

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

2. Deferred Compensation Plan

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

B. Postemployment Benefits Other Than Pensions

Plan Description

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

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

As of December 31, 2020, the most recent measurement date for the plan, there were 565 covered participants; 110 were retirees and their beneficiaries receiving benefits, and 455 were active participants.

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

Funding Policy

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$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.

For Retirees Before July 14, 2008

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

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

After age 65, retirees pay the total premium cost in excess of a percentage of \$457.78 for their own coverage. The percentage is based on the service criteria listed in the table below. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

For Retirees After July 14, 2008

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

After age 65, retirees who have 25 or more years of service with the City pay the total premium cost in excess of \$457.78 for their own coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay the total premium in excess of \$228.89 (half of \$457.78) for their own coverage. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

Net OPEB Liability

The net OPEB liability of \$11,735,940 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Single Discount Rate	4.75%
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Mortality Assumptions	RP-2014 Mortality table for Employees with a 95% multiplier.
Healthcare cost trend rates	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.75% over a period of 10 years.
Participation Assumptions	100% of eligible retirees with 25 years or more of experience and 20% of eligible retirees less than 25 years of experience.
Aging Factors	Based on plan specific experience.
Expenses	The investment return assumption is net of the investment expenses; Administrative expenses related to the health care benefits are included in the age-adjusted claims costs.

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Target Allocation

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

Asset Class	Target Allocation
Cash and short duration	2.5%
US Government Agency	57.5%
US Government MBS/CMO/CMBS	40.0%
Total	<u>100.0%</u>

Discount Rate

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

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>	Fiduciary Net <u>Position</u>	Net OPEB <u>Liability</u>
Balance at December 31, 2019	\$ 16,813,413	\$ 4,890,210	\$ 11,923,203
Changes for the year:			
Service cost	426,745	-	426,745
Interest	780,530	-	780,530
Difference between expected and actual experience	64,549	-	64,549
Contributions - employer	-	1,171,316	(1,171,316)
Benefit payments and implicit subsidy credit	(771,369)	(771,369)	-
Net investment income	-	288,771	(288,771)
Plan administrative expenses	-	(1,000)	1,000
Net changes	<u>500,455</u>	<u>687,718</u>	<u>(187,263)</u>
Balance at December 31, 2020	<u>\$ 17,313,868</u>	<u>\$ 5,577,928</u>	<u>\$ 11,735,940</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 <u>(3.75%)</u>	Discount Rate <u>(4.75%)</u>	1% Increase <u>(5.75%)</u>
Total OPEB liability	<u>\$ 14,039,549</u>	<u>\$ 11,735,940</u>	<u>\$ 9,811,807</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

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

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

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>10,433,954</u>	\$ <u>11,735,940</u>	\$ <u>13,361,249</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$870,866. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,681	\$ 79,476
Changes of assumptions or other inputs	254,356	-
Net difference between projected and actual earnings on plan investments	22,166	-
City contributions subsequent to the measurement date	<u>1,011,500</u>	<u>-</u>
	<u>\$ 1,447,703</u>	<u>\$ 79,476</u>

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,	
2022	\$ 78,347
2023	63,717
2024	35,147
2025	39,115
2026	65,049
Thereafter	<u>75,352</u>
	<u>\$ 356,727</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE V - OTHER INFORMATION (Continued)

C. Risk Management

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

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer and Storm water Utility Enterprise Fund capital improvements. As of June 30, 2021, the outstanding commitments total approximately \$18,855,246.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,535,100 for the year ended June 30, 2021, 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, 2021 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

F. Legal Debt Margin

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$14,713,760 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$7,527,233 by \$7,186,527.

G. Subsequent Events

Subsequent to June 30, 2021, the following material transactions occurred:

- In July 2021, the City issued a \$7,000,000 storm water revenue bond. The bonds were issued to extend and improve the City Storm Water System.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2021

NOTE VI - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2021, the City implemented the Governmental Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. Statement 84 establishes criteria for identifying fiduciary activities of state and local governments. Certain activities previously reported in agency funds no longer meet the definition of fiduciary activity.

The implementation of this pronouncement had the following effect on the government-wide net position as reported June 30, 2020:

	Governmental Activities
Net position, as previously reported	\$ 37,550,129
Adjustments:	
Other governmental funds	<u>9,345</u>
Net position, as restated	<u>\$ 37,559,474</u>

The impact of these changes on the fund level statements as reported June 30, 2020 is as follows:

Fund balance, as previously reported	\$ 49,134,914
Adjustments:	
Other governmental funds	<u>9,345</u>
Fund balance, as restated	<u>\$ 49,144,259</u>

The implementation of this pronouncement also had the following effect on the Statement of Changes in Fiduciary Net Position, which is new under Statement 84.

Net position, as previously reported	\$ -
Adjustments:	
Custodial funds	<u>448,460</u>
Net position, as restated	<u>\$ 448,460</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 Eight Fiscal Years

	Year Ended June 30,							
	<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%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 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	\$ 12,767,654	\$ 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	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	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 Eight Fiscal Years

	Year Ended June 30,							
	<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	\$ 2,004,238	\$ 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>(2,004,238)</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>
Organization's 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
Contributions as a percentage of covered payroll	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 Eight Fiscal Years

	Year Ended June 30,							
	<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	0.538%	0.555%	0.567%	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 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	\$ 8,124,386	\$ 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	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	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 Eight Fiscal Years

	Year Ended June 30,							
	<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	\$ 1,568,780	\$ 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>(1,568,780)</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>
Organization's 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
Contributions as a percentage of covered payroll	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, 2021

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the fiscal year ended June 30, 2020 (the measurement year).

CHANGES OF ASSUMPTIONS

No changes were made to the assumptions during the fiscal year ended June 30, 2020 (the measurement year).

City of Florence, South Carolina

Schedule of Changes in the Net OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 426,745	\$ 417,562	\$ 404,295	\$ 391,451
Interest cost	780,530	745,357	728,919	709,445
Difference between expected and actual experience	64,549	113,504	28,330	(156,264)
Changes of assumptions or other inputs	-	338,580	-	-
Benefit payments	<u>(771,369)</u>	<u>(975,322)</u>	<u>(659,281)</u>	<u>(412,920)</u>
Net change in total OPEB liability	500,455	639,681	502,263	531,712
Total OPEB liability - beginning	<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>\$ 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	\$ 1,171,316	\$ 1,375,381	\$ 1,079,728	\$ 893,924
Net investment income	288,771	231,690	47,396	91,807
Benefit payments	(771,369)	(975,322)	(659,281)	(412,920)
Administrative expense	<u>(1,000)</u>	<u>(7,058)</u>	<u>-</u>	<u>(19,926)</u>
Net change in Plan Fiduciary Net Position	687,718	624,691	467,843	552,885
Plan Fiduciary Net Position - beginning	<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>\$ 5,577,928</u>	<u>\$ 4,890,210</u>	<u>\$ 4,265,519</u>	<u>\$ 3,797,676</u>
Net OPEB Liability	\$ 11,735,940	\$ 11,923,203	\$ 11,908,213	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	32.22%	29.09%	26.37%	24.23%
Covered payroll	\$ 18,277,122	\$ 18,277,122	\$ 16,669,414	\$ 16,669,414
Net OPEB liability as a percentage of covered payroll	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions	\$ 1,162,683	\$ 1,128,213	\$ 1,077,489	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(1,171,316)</u>	<u>(1,375,381)</u>	<u>(1,079,728)</u>	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>\$ (8,633)</u>	<u>\$ (247,168)</u>	<u>\$ (2,239)</u>	<u>\$ 57,607</u>
Covered Payroll	\$ 21,481,477	\$ 20,892,040	\$ 17,679,296	\$ 17,047,043
Contributions as a percentage of covered payroll	6.41%	6.58%	6.11%	5.24%

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

City of Florence, South Carolina

OPEB Supplementary Information Note

Year Ended June 30, 2021

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended December 31, 2020 (the measurement date).

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 HUD funded grant, Neighborhood Stabilization Program.

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

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

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

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.

CAPITAL PROJECTS FUNDS

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

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

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, 2021

	Special Revenue Funds				
	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart and Equipment Replacement	E-911
ASSETS					
Cash and cash equivalents	\$ 22,371	\$ -	\$ -	\$ 328,922	\$ 356,251
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	73
Due from other governments	-	-	62,195	-	-
Due from other funds	-	101,483	7,858	-	-
Inventory	-	682,920	-	2,186	-
Investments	-	-	-	-	101,176
Restricted investments	-	-	-	-	-
Total assets	\$ 22,371	\$ 784,403	\$ 70,053	\$ 331,108	\$ 457,500
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,803	\$ 31,048	\$ -	\$ 2,582
Retainage payable	-	-	-	-	-
Due to other funds	-	90,680	39,005	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	101,483	70,053	-	2,582
Fund balances:					
Nonspendable	-	682,920	-	2,186	-
Restricted	22,371	-	-	-	454,918
Committed	-	-	-	328,922	-
Total fund balances	22,371	682,920	-	331,108	454,918
Total liabilities and fund balances	\$ 22,371	\$ 784,403	\$ 70,053	\$ 331,108	\$ 457,500

Special Revenue Funds

<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>
\$ -	\$ 114,493	\$ 35,784	\$ 67,877	\$ 45,015
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 114,493</u>	<u>\$ 35,784</u>	<u>\$ 67,877</u>	<u>\$ 45,015</u>
\$ -	\$ 63	\$ -	\$ 4,307	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	63	-	4,307	-
-	-	-	-	-
-	114,430	35,784	63,570	45,015
-	-	-	-	-
-	114,430	35,784	63,570	45,015
<u>\$ -</u>	<u>\$ 114,493</u>	<u>\$ 35,784</u>	<u>\$ 67,877</u>	<u>\$ 45,015</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2021

	<u>Special Revenue Funds</u>				
	<u>Accommodation Tax</u>	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>	<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>
ASSETS					
Cash and cash equivalents	\$ 3,816	\$ 50,924	\$ 111,542	\$ 742,580	\$ -
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	367	-
Due from other governments	290,467	-	-	-	5,746
Due from other funds	-	-	-	-	622
Inventory	-	-	-	256,256	-
Investments	-	-	-	505,881	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 294,283</u>	<u>\$ 50,924</u>	<u>\$ 111,542</u>	<u>\$ 1,505,084</u>	<u>\$ 6,368</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 271,443	\$ -	\$ 2,686	\$ 87	\$ -
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	101,483	6,368
Unearned revenue	-	-	-	-	-
Total liabilities	<u>271,443</u>	<u>-</u>	<u>2,686</u>	<u>101,570</u>	<u>6,368</u>
Fund balances:					
Nonspendable	-	-	-	256,256	-
Restricted	22,840	50,924	108,856	-	-
Committed	-	-	-	1,147,258	-
Total fund balances	<u>22,840</u>	<u>50,924</u>	<u>108,856</u>	<u>1,403,514</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 294,283</u>	<u>\$ 50,924</u>	<u>\$ 111,542</u>	<u>\$ 1,505,084</u>	<u>\$ 6,368</u>

Special Revenue Funds

<u>Sunday Local Option Revenue Fund</u>	<u>American Rescue Plan Act</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Florence Area Humane Society</u>	<u>Sav-a-lot Construction Fund</u>
\$ 78,673	\$ 971,576	\$ 13,330	\$ 12,050	\$ 165	\$ 150,655
-	-	-	-	-	-
18	-	-	18	-	-
-	-	-	-	-	-
-	-	-	-	-	219,122
-	-	-	-	-	-
25,294	3,000,231	-	25,294	-	-
-	-	-	-	-	-
<u>\$ 103,985</u>	<u>\$ 3,971,807</u>	<u>\$ 13,330</u>	<u>\$ 37,362</u>	<u>\$ 165</u>	<u>\$ 369,777</u>
\$ -	\$ -	\$ -	\$ -	\$ 165	\$ 369,777
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	36,861	-	-
-	-	-	36,861	165	369,777
-	-	-	-	-	-
103,985	3,971,807	13,330	501	-	-
-	-	-	-	-	-
<u>103,985</u>	<u>3,971,807</u>	<u>13,330</u>	<u>501</u>	<u>-</u>	<u>-</u>
<u>\$ 103,985</u>	<u>\$ 3,971,807</u>	<u>\$ 13,330</u>	<u>\$ 37,362</u>	<u>\$ 165</u>	<u>\$ 369,777</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2021

	<u>Capital Projects Fund</u>		<u>Debt Service Funds</u>		<u>Total</u>
	<u>Florence County Penny Tax II</u>	<u>2016 TIF Construction Projects</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,171,797	\$ 4,618	\$ 959,767	\$ 5,242,206
Restricted cash	-	-	16,490	-	16,490
Receivables					
Property taxes, less allowance for doubtful accounts	88,831	220	-	10,550	100,077
Due from other governments	-	-	-	-	358,408
Due from other funds	173,704	-	-	-	502,789
Inventory	-	-	-	-	941,362
Investments	-	-	-	-	3,657,876
Restricted investments	-	799,209	-	-	799,209
Total assets	<u>\$ 262,535</u>	<u>\$ 1,971,226</u>	<u>\$ 21,108</u>	<u>\$ 970,317</u>	<u>\$ 11,618,417</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 177,971	\$ 208,121	\$ -	\$ -	\$ 1,079,053
Retainage payable	52,288	133,476	-	-	185,764
Due to other funds	32,276	-	-	-	269,812
Unearned revenue	-	-	-	-	36,861
Total liabilities	<u>262,535</u>	<u>341,597</u>	<u>-</u>	<u>-</u>	<u>1,571,490</u>
Fund balances:					
Nonspendable	-	-	-	-	941,362
Restricted	-	1,629,629	21,108	970,317	7,629,385
Committed	-	-	-	-	1,476,180
Total fund balances	<u>-</u>	<u>1,629,629</u>	<u>21,108</u>	<u>970,317</u>	<u>10,046,927</u>
Total liabilities and fund balances	<u>\$ 262,535</u>	<u>\$ 1,971,226</u>	<u>\$ 21,108</u>	<u>\$ 970,317</u>	<u>\$ 11,618,417</u>

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City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2021

	Special Revenue Funds				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	2,350	-	352,908	-
Intergovernmental	-	-	616,220	-	-
Charges for services	-	-	-	-	119,923
Investment earnings	6	32	-	68	(28)
Miscellaneous	-	283,123	-	-	-
Total revenues	<u>6</u>	<u>285,505</u>	<u>616,220</u>	<u>352,976</u>	<u>119,895</u>
Expenditures					
Current:					
Public safety	-	-	-	-	86,056
Culture and recreation	-	-	-	-	-
Community development	-	4,294	547,497	-	-
Debt service:					
Principal	-	-	65,000	-	-
Interest	-	-	12,661	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,294</u>	<u>625,158</u>	<u>-</u>	<u>86,056</u>
Excess (deficiency) of revenues over (under) expenditures	6	281,211	(8,938)	352,976	33,839
Other financing sources (uses)					
Transfers in (out)	-	101,483	7,858	(157,400)	-
Total financing sources (uses)	<u>-</u>	<u>101,483</u>	<u>7,858</u>	<u>(157,400)</u>	<u>-</u>
Net changes in fund balances	6	382,694	(1,080)	195,576	33,839
Fund balances at beginning of year	<u>22,365</u>	<u>300,226</u>	<u>1,080</u>	<u>135,532</u>	<u>421,079</u>
Fund balances at end of year	<u>\$ 22,371</u>	<u>\$ 682,920</u>	<u>\$ -</u>	<u>\$ 331,108</u>	<u>\$ 454,918</u>

Special Revenue Funds

<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -
43,112	-	-	-	-
-	-	-	22,751	-
-	-	-	-	-
5	55	10	-	13
-	4,673	-	25	-
<u>43,117</u>	<u>4,728</u>	<u>10</u>	<u>22,776</u>	<u>13</u>
-	58,280	-	-	-
-	-	-	-	-
-	-	-	13,168	1,470
-	-	-	-	-
-	-	-	-	-
-	-	-	12,288	-
<u>-</u>	<u>58,280</u>	<u>-</u>	<u>25,456</u>	<u>1,470</u>
43,117	(53,552)	10	(2,680)	(1,457)
(85,782)	(180)	-	-	-
<u>(85,782)</u>	<u>(180)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(42,665)	(53,732)	10	(2,680)	(1,457)
<u>42,665</u>	<u>168,162</u>	<u>35,774</u>	<u>66,250</u>	<u>46,472</u>
<u>\$ -</u>	<u>\$ 114,430</u>	<u>\$ 35,784</u>	<u>\$ 63,570</u>	<u>\$ 45,015</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2021

	Special Revenue Funds				
	Accommodation <u>Tax</u>	Public Safety <u>Grants</u>	NSP-3 <u>Grant</u>	Neighborhood Redevelopment	JAG <u>Grant</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	771,558	-	46,361	-	60,413
Charges for services	-	-	-	-	-
Investment earnings	32	13	-	(423)	-
Miscellaneous	-	3,500	175	7,113	-
Total revenues	<u>771,590</u>	<u>3,513</u>	<u>46,536</u>	<u>6,690</u>	<u>60,413</u>
Expenditures					
Current:					
Public safety	-	-	-	-	61,410
Culture and recreation	-	-	-	-	-
Community development	781,025	-	51,150	92,233	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	100,079	-
Total expenditures	<u>781,025</u>	<u>-</u>	<u>51,150</u>	<u>192,312</u>	<u>61,410</u>
Excess (deficiency) of revenues over (under) expenditures	(9,435)	3,513	(4,614)	(185,622)	(997)
Other financing sources (uses)					
Transfers in (out)	-	-	-	153,317	622
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,317</u>	<u>622</u>
Net change in fund balances	(9,435)	3,513	(4,614)	(32,305)	(375)
Fund balances at beginning of year	<u>32,275</u>	<u>47,411</u>	<u>113,470</u>	<u>1,435,819</u>	<u>375</u>
Fund balances at end of year	<u>\$ 22,840</u>	<u>\$ 50,924</u>	<u>\$ 108,856</u>	<u>\$ 1,403,514</u>	<u>\$ -</u>

Special Revenue Funds

<u>Sunday Local Option Revenue Fund</u>	<u>American Rescue Plan Act</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Florence Area Humane Society</u>	<u>Sav-a-lot Construction Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
67,450	-	-	-	-	-
-	-	-	-	-	-
(2)	231	16	(27)	-	34
-	<u>3,971,576</u>	<u>134,233</u>	<u>17,436</u>	<u>1,130</u>	<u>1,374,830</u>
<u>67,448</u>	<u>3,971,807</u>	<u>134,249</u>	<u>17,409</u>	<u>1,130</u>	<u>1,374,864</u>
-	-	134,154	-	-	-
-	-	-	17,436	-	-
-	-	-	-	1,130	1,589,568
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	<u>134,154</u>	<u>17,436</u>	<u>1,130</u>	<u>1,589,568</u>
67,448	3,971,807	95	(27)	-	(214,704)
(65,000)	-	-	-	-	<u>219,122</u>
<u>(65,000)</u>	-	-	-	-	<u>219,122</u>
2,448	3,971,807	95	(27)	-	4,418
<u>101,537</u>	-	<u>13,235</u>	<u>528</u>	-	<u>(4,418)</u>
<u>\$ 103,985</u>	<u>\$ 3,971,807</u>	<u>\$ 13,330</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ -</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2021

	Capital Projects Fund		Debt Service Funds		Total
	Florence County <u>Penny Tax II</u>	2016 TIF Construction <u>Projects</u>	TIF Revenue & Debt <u>Service</u>	Debt <u>Service</u>	Nonmajor Governmental <u>Funds</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 678,161	\$ 678,161
Licenses, permits and fees	614,889	-	-	-	1,013,259
Intergovernmental	-	-	711,953	-	2,296,706
Charges for services	-	-	-	-	119,923
Investment earnings	8	1,871	36	190	2,140
Miscellaneous	-	-	-	-	5,797,814
Total revenues	<u>614,897</u>	<u>1,871</u>	<u>711,989</u>	<u>678,351</u>	<u>9,908,003</u>
Expenditures					
Current:					
Public safety	-	-	-	-	339,900
Culture and recreation	-	-	-	-	17,436
Community development	-	-	-	-	3,081,535
Debt service:					
Principal	-	-	150,000	404,332	619,332
Interest	-	-	840,129	75,407	928,197
Capital outlay	<u>821,696</u>	<u>1,293,580</u>	<u>-</u>	<u>-</u>	<u>2,227,643</u>
Total expenditures	<u>821,696</u>	<u>1,293,580</u>	<u>990,129</u>	<u>479,739</u>	<u>7,214,043</u>
Excess (deficiency) of revenues over (under) expenditures	(206,799)	(1,291,709)	(278,140)	198,612	2,693,960
Other financing sources (uses)					
Transfers in (out)	<u>173,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,744</u>
Total financing sources (uses)	<u>173,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,744</u>
Net change in fund balances	(33,095)	(1,291,709)	(278,140)	198,612	3,041,704
Fund balances at beginning of year	<u>33,095</u>	<u>2,921,338</u>	<u>299,248</u>	<u>771,705</u>	<u>7,005,223</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,629,629</u>	<u>\$ 21,108</u>	<u>\$ 970,317</u>	<u>\$ 10,046,927</u>

**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

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

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

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, 2021

	<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	\$ 37,238,000	\$ 37,582,000	\$ 40,026,598	\$ 2,444,598
Miscellaneous	925,000	878,000	1,239,489	361,489
Water and sewer tap fees	1,145,000	1,025,000	1,259,855	234,855
Total operating revenues	<u>39,308,000</u>	<u>39,485,000</u>	<u>42,525,942</u>	<u>3,040,942</u>
Operating Expenses				
Personnel	6,040,040	5,403,000	5,347,411	55,589
Employee benefits	2,921,060	2,474,500	3,260,331	(785,831)
Purchased services	7,431,680	8,081,760	6,367,090	1,714,670
Supplies and materials	1,208,460	1,361,350	1,346,684	14,666
Other operating expenses	1,310,760	1,292,890	2,164,958	(872,068)
Depreciation and amortization	15,376,000	16,281,300	9,564,788	6,716,512
Total operating expenses	<u>34,288,000</u>	<u>34,894,800</u>	<u>28,051,262</u>	<u>6,843,538</u>
Operating Income	<u>5,020,000</u>	<u>4,590,200</u>	<u>14,474,680</u>	<u>9,884,480</u>
Nonoperating Revenues (Expenses)				
Investment earnings	200,000	23,000	77,677	54,677
Economic development	(1,250,000)	(1,049,200)	(1,049,094)	106
Miscellaneous expenses	-	-	(7,570)	(7,570)
Interest expense	-	-	(2,969,848)	(2,969,848)
Appropriation of net position	-	406,000	-	(406,000)
Total nonoperating revenues (expenses)	<u>(1,050,000)</u>	<u>(620,200)</u>	<u>(3,948,835)</u>	<u>(3,328,635)</u>
Income Before Transfers and Capital Contributions	3,970,000	3,970,000	10,525,845	6,555,845
Capital Contributions	-	-	2,593,369	2,593,369
Income Before Transfers	3,970,000	3,970,000	13,119,214	9,149,214
Transfers Out	<u>(3,970,000)</u>	<u>(3,970,000)</u>	<u>(3,970,000)</u>	<u>-</u>
Changes in Net Position	-	-	9,149,214	9,149,214
Net position at beginning of year	<u>142,608,439</u>	<u>142,608,439</u>	<u>142,608,439</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 142,608,439</u>	<u>\$ 142,608,439</u>	<u>\$ 151,757,653</u>	<u>\$ 9,149,214</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, 2021

	<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	\$ 1,351,000	\$ 1,351,075	\$ 1,500,912	\$ 149,837
Miscellaneous	12,500	13,500	125,845	112,345
Total operating revenues	<u>1,363,500</u>	<u>1,364,575</u>	<u>1,626,757</u>	<u>262,182</u>
Operating Expenses				
Personnel	358,250	335,880	335,228	652
Employee benefits	166,810	154,350	153,874	476
Purchased services	115,310	172,110	240,141	(68,031)
Supplies and materials	26,400	7,900	6,671	1,229
Other operating expenses	33,430	34,930	65,854	(30,924)
Depreciation and amortization	-	-	251,154	(251,154)
Total operating expenses	<u>700,200</u>	<u>705,170</u>	<u>1,052,922</u>	<u>(347,752)</u>
Operating Income	<u>663,300</u>	<u>659,405</u>	<u>573,835</u>	<u>(85,570)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	1,500	425	1,048	623
Interest expense	-	-	(8,500)	(8,500)
Total nonoperating revenues (expenses)	<u>1,500</u>	<u>425</u>	<u>(7,452)</u>	<u>(7,877)</u>
Income Before Transfers and Capital Contributions	664,800	659,830	566,383	(93,447)
Capital Contributions	-	-	745,276	745,276
Income Before Transfers	664,800	659,830	1,311,659	651,829
Transfers Out	<u>(664,800)</u>	<u>(659,830)</u>	<u>(110,000)</u>	<u>549,830</u>
Changes in Net Position	-	-	1,201,659	1,201,659
Net position at beginning of year	<u>3,020,159</u>	<u>3,020,159</u>	<u>3,020,159</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 3,020,159</u>	<u>\$ 3,020,159</u>	<u>\$ 4,221,818</u>	<u>\$ 1,201,659</u>

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, 2021

	<u>Custodial Funds</u>			<u>Totals</u>
	<u>Court Escrow</u>	<u>Narcotics Holding Funds</u>	<u>Eat Smart Move More Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 17,065	\$ 255,661	\$ 6,815	\$ 279,541
Investments	-	216,763	-	216,763
Accounts receivable	-	110	-	110
Total assets	<u>17,065</u>	<u>472,534</u>	<u>6,815</u>	<u>496,414</u>
LIABILITIES				
Accounts payable	<u>2,550</u>	-	-	<u>2,550</u>
Total liabilities	<u>2,550</u>	-	-	<u>2,550</u>
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	<u>14,515</u>	<u>472,534</u>	<u>6,815</u>	<u>493,864</u>
Total net position	<u>\$ 14,515</u>	<u>\$ 472,534</u>	<u>\$ 6,815</u>	<u>\$ 493,864</u>

City of Florence, South Carolina
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

	<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	\$ -	\$ -	\$ 2	\$ 2
Program revenue-intergovernmental	-	59,686	5,000	64,686
Total additions	<u>-</u>	<u>59,686</u>	<u>5,002</u>	<u>64,688</u>
Deductions				
Payment of escrow funds	15,861	3,423	-	19,284
Total deductions	<u>15,861</u>	<u>3,423</u>	<u>-</u>	<u>19,284</u>
Net changes in fund balances	<u>(15,861)</u>	<u>56,263</u>	<u>5,002</u>	<u>45,404</u>
Net position - beginning	<u>30,376</u>	<u>416,271</u>	<u>1,813</u>	<u>448,460</u>
Net position - ending	<u>\$ 14,515</u>	<u>\$ 472,534</u>	<u>\$ 6,815</u>	<u>\$ 493,864</u>

SUPPLEMENTAL SCHEDULES

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 5,325,000	\$ 4,874,100	\$ 5,535,614	\$ 661,514
Homestead exemption	310,000	320,000	324,048	4,048
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	7,500	7,500	19,277	11,777
Property tax credits	4,510,000	4,442,000	4,442,967	967
PILOT - Housing Authority	146,000	167,000	171,680	4,680
Motor carrier - FILO	116,000	150,000	150,977	977
Delinquent taxes	140,300	140,300	193,154	52,854
Total Property Taxes	<u>10,854,400</u>	<u>10,400,500</u>	<u>11,137,320</u>	<u>736,820</u>
Licenses and Fees				
Business and professional license	10,140,000	9,420,200	10,426,366	1,006,166
Franchise fees	4,300,000	4,058,500	4,058,718	218
Delinquent business licenses	210,000	146,000	146,840	840
Total Licenses and Fees	<u>14,650,000</u>	<u>13,624,700</u>	<u>14,631,924</u>	<u>1,007,224</u>
Intergovernmental				
Community development	54,800	54,700	54,758	58
Sales tax revenue	3,280,000	3,506,600	3,535,249	28,649
State shared revenue	922,500	895,400	895,418	18
Governmental reimbursements	320,000	340,000	340,452	452
State A tax funds	75,000	60,200	65,608	5,408
Grants	44,700	148,700	152,726	4,026
Equipment rental fee	320,000	232,400	232,477	77
Marketing and promotion	140,000	115,800	125,010	9,210
Total Intergovernmental	<u>5,157,000</u>	<u>5,353,800</u>	<u>5,401,698</u>	<u>47,898</u>
Charges for Services				
Refuse - landfill fee	1,800,000	1,768,000	1,768,814	814
Refuse - collection fee	345,000	340,000	340,994	994
Building permits	610,000	350,200	365,538	15,338
Planning and zoning fees	30,000	27,000	28,790	1,790
Recreation fees	135,000	26,800	269,539	242,739
Total Charges for Services	<u>2,920,000</u>	<u>2,512,000</u>	<u>2,773,675</u>	<u>261,675</u>
Fines and Forfeitures				
Criminal fines	50,000	40,000	55,789	15,789
Traffic fines	325,000	200,700	229,397	28,697
Parking violations fines	2,000	4,000	5,785	1,785
Animal control fines	3,000	1,400	1,425	25
Total Fines and Forfeitures	<u>380,000</u>	<u>246,100</u>	<u>292,396</u>	<u>46,296</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, 2021

	<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	200,000	14,800	17,931	3,131
Miscellaneous	523,600	511,500	4,594,132	4,082,632
Concessions	22,000	5,500	5,796	296
Total Miscellaneous	<u>745,600</u>	<u>531,800</u>	<u>4,617,859</u>	<u>4,086,059</u>
TOTAL REVENUES	<u>34,707,000</u>	<u>32,668,900</u>	<u>38,854,872</u>	<u>6,185,972</u>
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,400	102,590	102,586	4
Retirement	19,170	13,690	11,219	2,471
Health insurance	82,700	75,370	71,840	3,530
Workers' compensation	10,770	10,230	10,193	37
Social security	6,350	5,905	5,891	14
Printing and supplies	1,000	820	819	1
Office supplies	1,500	1,085	1,067	18
Postage	100	100	73	27
Membership and dues	19,500	21,500	21,482	18
Travel and conferences	10,000	9,300	3,451	5,849
Telephone related services	5,500	6,325	6,316	9
Professional services	35,000	34,000	32,279	1,721
Special departmental supplies	5,500	5,145	5,145	-
Total City Council	<u>310,490</u>	<u>286,060</u>	<u>272,361</u>	<u>13,699</u>
Legal Services				
Salaries and wages	96,110	98,940	98,914	26
Retirement	15,920	15,370	15,366	4
Health insurance	20,030	21,720	21,001	719
Workers' compensation	1,780	1,630	1,600	30
Social Security	7,100	7,240	7,201	39
Professional services	2,100	-	-	-
Cable and related services	100	100	-	100
Printing and supplies	300	100	-	100
Employee training	400	400	133	267
Office supplies	1,200	1,400	1,358	42
Postage	300	300	38	262
Membership and dues	600	500	455	45
Travel and conferences	600	500	-	500
Telephone related services	1,000	950	905	45
Total Legal Services	<u>147,540</u>	<u>149,150</u>	<u>146,971</u>	<u>2,179</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, 2021

	<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	353,850	349,550	332,139	17,411
Retirement	58,890	55,160	51,824	3,336
Health insurance	82,250	88,460	83,576	4,884
Workers' compensation	15,420	14,690	14,643	47
Social security	25,770	25,020	23,929	1,091
Printing and supplies	500	500	332	168
Postage	2,500	2,700	2,585	115
Membership and dues	700	100	50	50
Travel and conferences	3,000	500	55	445
Auto operating expenses	500	500	120	380
Telephone related services	5,500	8,500	8,189	311
Maintenance and service contracts	7,000	7,000	6,511	489
Gas and oil	1,500	750	347	403
Employee training	2,000	1,000	650	350
Professional services	4,000	3,000	1,135	1,865
Jury vouchers	4,000	400	320	80
Office supplies	3,500	3,900	3,884	16
Special departmental supplies	2,500	2,500	1,687	813
Total Justice and Law	573,380	564,230	531,976	32,254
City Manager				
Salary and wages	507,580	584,960	577,514	7,446
Retirement	84,170	96,550	92,903	3,647
Health insurance	47,370	54,800	50,984	3,816
Workers' compensation	9,320	9,050	8,899	151
Social security	36,030	43,050	42,032	1,018
Printing and supplies	500	500	311	189
Postage	500	500	265	235
Membership and dues	1,500	1,000	360	640
Travel and conferences	2,000	2,000	1,119	881
Car allowance	6,000	-	-	-
Lease payments	4,200	6,800	6,720	80
Auto operating expenses	500	500	-	500
Telephone related services	14,000	14,000	13,087	913
Farmers Market operations	21,300	21,750	6,974	14,776
Maintenance and service contracts	1,900	1,900	718	1,182

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	2,500	2,500	490	2,010
Professional services	1,000	1,000	900	100
Office supplies	2,000	2,000	1,624	376
Special departmental supplies	3,200	6,800	6,736	64
Gas and oil	100	100	-	100
Capital outlay	-	4,000	-	4,000
Total City Manager	745,670	853,760	811,636	42,124
Finance				
Salary and wages	656,630	657,150	656,954	196
Retirement	108,750	102,280	100,960	1,320
Health insurance	84,450	82,020	79,769	2,251
Workers' compensation	15,420	14,690	14,643	47
Social security	48,230	48,200	47,902	298
Printing and supplies	7,000	6,500	6,409	91
Postage	11,000	12,300	12,218	82
Membership and dues	3,500	4,600	4,600	-
Travel and conferences	4,000	2,600	2,577	23
Auto operating expenses	300	300	294	6
Telephone related services	11,000	11,200	11,142	58
Maintenance and service contracts	9,500	11,600	11,575	25
Machine and equipment repairs	500	500	490	10
Cable and related services	3,000	3,000	2,950	50
Public notices	1,000	1,000	964	36
Employee training	2,500	5,300	5,261	39
Professional services	1,000	1,000	530	470
Tax billing and collections	58,500	58,500	54,798	3,702
Office supplies	11,000	13,200	12,695	505
Special departmental supplies	1,250	1,750	1,604	146
Gas and oil	500	500	228	272
Total Finance	1,039,030	1,038,190	1,028,563	9,627

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	399,140	345,790	335,202	10,588
Retirement	66,100	53,990	52,609	1,381
Health insurance	51,110	46,730	44,565	2,165
Workers' compensation	9,320	8,790	8,790	-
Social security	29,220	24,850	24,612	238
Printing and supplies	3,000	7,250	3,231	4,019
Postage	2,500	1,750	1,638	112
Membership and dues	1,500	1,500	1,127	373
Travel and conferences	2,500	600	559	41
Auto operating expenses	1,000	300	-	300
Telephone related services	5,000	6,000	5,917	83
Maintenance and service contracts	8,000	7,000	6,928	72
Public notices	15,000	22,300	22,018	282
Employee training	3,000	400	245	155
Professional services	61,500	61,000	57,318	3,682
Medical expenses	35,000	33,500	31,953	1,547
Office supplies	5,000	5,000	4,242	758
Special departmental supplies	-	11,000	10,692	308
Gas and oil	1,000	500	33	467
Capital outlay	8,000	-	-	-
Total Personnel	706,890	638,250	611,679	26,571
Community Service				
Salary and wages	289,630	268,860	248,521	20,339
Retirement	48,000	41,990	38,658	3,332
Health insurance	39,660	46,240	40,518	5,722
Workers' compensation	12,310	11,670	11,596	74
Social security	21,830	19,640	18,318	1,322
Printing and supplies	500	100	97	3
Postage	250	100	66	34
Membership and dues	2,000	1,100	610	490
Travel and conferences	1,500	1,500	-	1,500
Auto operating expenses	4,500	1,400	1,309	91
Telephone related services	6,500	7,900	7,811	89
Radio maintenance	10	10	-	10
Maintenance and service contracts	200	200	-	200
Public notices	500	2,000	1,974	26

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	3,600	3,700	3,615	85
Employee training	1,500	100	50	50
Professional services	2,500	1,900	1,803	97
Office supplies	300	50	41	9
Special departmental supplies	2,800	1,500	766	734
Property management expenses	3,000	29,400	29,160	240
Gas and oil	5,800	6,300	6,084	216
Total Community Service	<u>446,890</u>	<u>445,660</u>	<u>410,997</u>	<u>34,663</u>
Urban Planning & Development				
Salary and wages	324,130	339,810	318,254	21,556
Retirement	53,680	52,880	49,466	3,414
Health insurance	32,500	48,480	40,954	7,526
Workers' compensation	6,400	6,090	6,050	40
Social security	24,390	25,230	23,803	1,427
Printing and supplies	2,000	5,000	3,546	1,454
Postage	1,500	1,500	949	551
Membership and dues	4,700	3,200	2,666	534
Travel and conferences	2,000	200	-	200
Auto operating expenses	1,800	800	422	378
Telephone related services	5,500	7,500	6,694	806
Maintenance and service contracts	4,500	4,500	3,611	889
Public notices	5,000	5,000	3,512	1,488
Uniform and clothing	100	100	-	100
Employee training	2,700	1,500	1,335	165
Professional services	120,000	390,000	85,156	304,844
Office supplies	5,000	4,000	1,937	2,063
Special departmental supplies	2,000	3,500	3,047	453
Gas and oil	1,000	1,000	940	60
Total Urban Planning & Development	<u>598,900</u>	<u>900,290</u>	<u>552,342</u>	<u>347,948</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, 2021

	<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	206,010	172,860	147,157	25,703
Retirement	29,420	27,390	22,554	4,836
Health insurance	45,450	26,210	19,396	6,814
Workers' compensation	12,310	11,720	11,662	58
Social security	15,230	12,660	10,787	1,873
Printing and supplies	3,000	300	81	219
Postage	1,500	300	113	187
Membership and dues	1,000	250	25	225
Auto operating expenses	5,000	2,500	1,031	1,469
Telephone related services	6,000	5,500	3,675	1,825
Maintenance and service contracts	3,200	700	-	700
Uniform and clothing	1,500	1,000	615	385
Employee training	4,000	4,250	4,212	38
Professional services	126,000	148,000	122,306	25,694
Special departmental supplies	3,000	9,900	9,346	554
Gas and oil	4,000	3,500	1,732	1,768
Total Building Inspections & Permits	466,620	427,040	354,692	72,348
Total General Government	5,035,410	5,302,630	4,721,217	581,413
Public safety				
Police				
Salary and wages	6,130,620	5,756,940	5,375,815	381,125
Retirement	1,162,040	1,040,390	947,686	92,704
Health insurance	1,008,790	1,009,690	917,500	92,190
Workers' compensation	243,960	232,150	231,411	739
Social security	448,090	418,190	386,820	31,370
Printing and supplies	5,000	5,000	5,000	-
Postage	3,500	3,500	2,240	1,260
Membership and dues	2,500	2,500	1,860	640
Travel and conferences	4,000	4,000	575	3,425
Auto operating expenses	100,000	100,000	86,267	13,733
Electricity	20,000	20,000	16,820	3,180

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	104,000	148,000	146,688	1,312
Cable and related services	5,500	5,500	4,619	881
Radio maintenance	5,000	5,000	1,329	3,671
Maintenance and service contracts	33,000	33,000	28,891	4,109
Maintenance and equipment repairs	6,450	6,450	1,997	4,453
Building and maintenance	2,000	3,300	-	3,300
Uniform and clothing	80,500	80,500	54,741	25,759
Prisoner housing	213,000	177,580	102,740	74,840
Inmate services	2,000	2,000	-	2,000
Rent payments	30,000	30,000	28,800	1,200
Employee training	15,000	15,000	5,924	9,076
Professional services	20,000	20,000	16,284	3,716
PAL expenses	2,500	2,500	-	2,500
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	65,700	130,700	129,763	937
Gas and oil	220,000	220,000	167,814	52,186
Water usage	4,500	4,500	3,038	1,462
Grant expenditures	12,000	24,900	24,889	11
Capital outlay	83,000	2,402,220	1,953,265	448,955
Total Police	10,033,650	11,904,510	10,642,776	1,261,734
Fire				
Salary and wages	4,307,480	4,031,280	3,837,362	193,918
Retirement	804,050	725,980	692,387	33,593
Health insurance	774,040	786,730	746,489	40,241
Workers' compensation	132,640	126,250	125,822	428
Social security	300,240	285,300	276,792	8,508
Printing and supplies	1,000	1,000	524	476
Janitorial/sanitary supplies	13,000	12,300	11,295	1,005
Postage	150	150	133	17
Membership and dues	1,350	1,000	565	435
Auto operating expenses	62,000	81,700	79,119	2,581
Electricity	50,000	43,500	43,256	244
Telephone related services	37,000	44,300	44,222	78
Heating fuel	18,000	16,090	16,081	9
Fire prevention	9,500	8,500	7,916	584
Risk management	6,500	5,000	4,433	567

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	6,600	6,508	92
Maintenance and service contracts	24,000	24,000	17,801	6,199
Maintenance and equipment repairs	16,000	5,100	3,824	1,276
Building and maintenance	22,000	22,000	15,664	6,336
Uniform and clothing	35,000	35,000	33,062	1,938
Rent payments	14,000	14,000	12,000	2,000
Employee training	18,000	18,000	17,070	930
Professional services	9,500	7,300	7,215	85
Personal protective equipment	20,000	45,700	10,721	34,979
Special departmental supplies	40,000	45,990	45,940	50
Gas and oil	50,000	38,500	31,115	7,385
Water usage	20,000	22,610	22,204	406
Capital outlay	180,000	245,010	111,499	133,511
Total Fire	6,971,950	6,698,890	6,221,019	477,871
Total Public Safety	17,005,600	18,603,400	16,863,795	1,739,605
Public works				
Streets and Beautification				
Salary and wages	1,843,760	1,753,910	1,750,203	3,707
Retirement	309,770	277,390	270,276	7,114
Health insurance	405,550	376,420	375,734	686
Workers' compensation	55,520	52,840	52,652	188
Social security	135,640	132,810	128,562	4,248
Printing and supplies	500	500	101	399
Office supplies	4,000	2,000	1,982	18
Janitorial supplies	15,000	15,000	13,588	1,412
Safety supplies	4,000	4,000	3,218	782
Postage	100	100	39	61
Membership and dues	500	500	-	500
Auto operating expenses	35,000	35,000	34,738	262
Electricity	40,000	39,000	35,869	3,131
Telephone related services	8,000	13,700	13,598	102
Radio maintenance	10,000	9,000	643	8,357
Maintenance and service contracts	4,900	5,400	5,089	311
Maintenance and equipment repairs	65,000	66,000	64,424	1,576
Building and maintenance	21,000	23,000	13,912	9,088

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	7,000	6,163	837
Sign shop supplies	7,000	8,000	7,250	750
Medical expenses	30,000	30,000	27,046	2,954
Uniform and clothing	35,000	34,000	31,432	2,568
Inmate services	35,000	31,000	-	31,000
Chemicals	10,000	8,000	5,525	2,475
Paving materials and supplies	10,000	14,000	12,326	1,674
Irrigation materials and supplies	2,000	2,000	940	1,060
Turf & landscape supplies	23,000	23,000	20,958	2,042
Employee training	1,000	1,300	1,095	205
Professional services	50,000	58,500	58,232	268
Special departmental supplies	50,000	45,000	38,626	6,374
Gas and oil	75,000	75,500	75,368	132
Water usage	20,000	25,000	24,405	595
Capital outlay	55,000	291,000	145,352	145,648
Total Streets and Beautification	3,366,240	3,459,870	3,219,346	240,524
Sanitation				
Salary and wages	949,910	931,270	929,772	1,498
Retirement	162,910	144,160	143,860	300
Health insurance	237,910	180,250	180,170	80
Workers' compensation	41,670	39,690	39,566	124
Social security	69,510	67,980	67,794	186
Printing and supplies	800	800	-	800
Postage	100	100	61	39
Membership and dues	100	-	-	-
Auto operating expenses	190,000	182,000	181,699	301
Telephone related services	1,600	6,000	5,387	613
Radio maintenance	6,000	6,000	3,233	2,767
Maintenance and service contracts	3,000	3,000	1,227	1,773
Maintenance and equipment repairs	100,000	81,000	80,672	328
Landfill services	1,600,000	1,396,000	1,395,109	891
Uniform and clothing	22,000	22,000	21,748	252
Office supplies	1,500	1,500	840	660
Compost supplies	500	500	-	500
Safety supplies	3,500	2,500	2,166	334
Public notices	5,000	6,500	6,405	95
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, 2021

	<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	21,500	20,942	558
Special departmental supplies	10,000	8,000	7,995	5
Gas and oil	200,000	168,700	168,402	298
Capital outlay	<u>392,500</u>	<u>1,021,000</u>	<u>764,946</u>	<u>256,054</u>
Total Sanitation	<u>3,999,660</u>	<u>4,290,600</u>	<u>4,021,994</u>	<u>268,606</u>
Equipment Maintenance				
Salary and wages	317,210	346,670	336,554	10,116
Retirement	52,620	54,110	51,950	2,160
Health insurance	52,520	67,300	64,618	2,682
Workers' compensation	10,770	10,230	10,193	37
Social security	23,660	25,110	24,554	556
Auto operating expenses	3,000	3,000	1,809	1,191
Telephone related services	1,600	2,700	2,431	269
Heating fuel	4,500	4,100	4,100	-
Radio maintenance	300	300	288	12
Maintenance and service contracts	1,800	2,200	2,033	167
Maintenance and equipment repairs	500	500	222	278
Uniform and clothing	6,200	7,000	5,836	1,164
Office supplies	100	2,000	1,101	899
Janitorial supplies	200	200	-	200
Safety supplies	100	300	97	203
Employee training	300	300	-	300
Professional services	2,000	300	-	300
Special departmental supplies	8,000	24,500	24,200	300
Gas and oil	5,000	5,000	4,366	634
Capital outlay	<u>16,700</u>	<u>1,900</u>	<u>-</u>	<u>1,900</u>
Total Equipment Maintenance	<u>507,080</u>	<u>557,720</u>	<u>534,352</u>	<u>23,368</u>
Total Public Works	<u>7,872,980</u>	<u>8,308,190</u>	<u>7,775,692</u>	<u>532,498</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, 2021

	<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	705,650	470,270	392,148	78,122
Retirement	104,490	69,770	57,540	12,230
Health insurance	161,710	126,590	87,369	39,221
Workers' compensation	57,070	54,020	54,012	8
Social security	51,780	35,430	28,169	7,261
Printing and supplies	5,500	4,800	929	3,871
Postage	500	500	38	462
Membership and dues	1,000	1,000	433	567
Travel and conferences	5,400	5,400	-	5,400
Auto operating expenses	11,000	11,000	7,031	3,969
Electricity	81,500	82,200	82,051	149
Telephone related services	15,700	26,200	26,193	7
Cable and related services	6,300	7,800	7,681	119
Radio maintenance	500	500	-	500
Maintenance and service contracts	17,500	17,500	11,133	6,367
Maintenance and equipment repairs	2,500	2,500	2,355	145
Building maintenance	32,500	28,000	11,499	16,501
Facility and park maintenance	7,500	7,500	6,720	780
Tree beautification	-	1,000	62	938
Uniforms and clothing	6,000	6,000	2,279	3,721
Office supplies	4,500	5,500	5,185	315
Safety supplies	600	600	114	486
Janitorial services and supplies	10,000	10,000	8,531	1,469
Athletic field supplies	2,000	500	-	500
Irrigation supplies	500	500	18	482
Inmate services	500	500	-	500
Food and supplies	4,500	4,500	2,129	2,371
Employee training	3,500	3,500	1,726	1,774
Professional services	5,000	5,000	4,579	421
Contracted instructors	22,000	22,000	17,733	4,267
Special departmental supplies	30,000	46,500	46,021	479
Gas and oil	28,500	28,500	8,283	20,217
Water usage	20,000	24,500	24,252	248
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	-	2,000
Grant expenditures	29,000	53,000	20,328	32,672
Capital outlay	-	129,600	-	129,600
Total Parks and Leisure Services	1,457,700	1,315,680	937,541	378,139

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	776,350	716,430	695,524	20,906
Retirement	97,430	107,420	107,365	55
Health insurance	117,390	122,240	107,992	14,248
Workers' compensation	95,630	90,630	90,597	33
Social security	55,350	52,470	51,517	953
Printing and supplies	1,500	1,500	1,107	393
Postage	500	500	74	426
Membership and dues	2,500	2,500	2,334	166
Travel and conferences	6,500	4,500	559	3,941
Auto operating expenses	6,000	6,000	2,090	3,910
Electricity	250,000	250,000	200,878	49,122
Telephone related services	10,500	13,900	13,888	12
Cable and related services	7,000	7,000	5,612	1,388
Maintenance and service contracts	38,500	41,700	37,918	3,782
Maintenance and equipment repairs	7,000	8,500	7,865	635
Radio repairs and maintenance	1,000	1,000	-	1,000
Building maintenance	2,000	2,000	685	1,315
Facility and park maintenance	43,000	43,000	36,976	6,024
Uniforms and clothing	10,000	10,000	5,075	4,925
Inmate services	22,000	14,300	-	14,300
Office supplies	4,000	2,000	135	1,865
Safety supplies	1,000	1,000	683	317
Janitorial services and supplies	17,000	17,000	14,817	2,183
Athletic field supplies	17,000	17,000	9,099	7,901
Food and supplies	20,000	20,000	10,326	9,674
Employee training	3,500	2,000	245	1,755
Professional services	34,000	34,000	21,757	12,243
Special departmental supplies	5,500	25,500	24,486	1,014
Irrigation parts and supplies	10,000	10,000	4,718	5,282
Pro shop supplies	8,000	14,500	13,991	509
Stadium commission	8,100	8,100	8,100	-
Athletic expenses	10,000	20,000	17,271	2,729
Gymnastic expenses	4,000	4,000	896	3,104
Tennis center expenses	15,000	15,000	11,473	3,527
Freedom Florence expenses	14,000	14,000	13,308	692
Gymnasium expenses	10,000	10,000	7,805	2,195
Soccer expenses	10,000	10,000	9,057	943
Gas and oil	11,000	11,000	7,250	3,750
Water usage	60,000	60,000	44,685	15,315
Marketing and promotion	143,000	379,500	158,551	220,949

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	8,500	12,800	2,209	10,591
Capital outlay	119,000	1,014,000	255,321	758,679
Total Athletic Programs	2,082,750	3,196,990	2,004,239	1,192,751
Total Culture and Recreation	3,540,450	4,512,670	2,941,780	1,570,890
Non-Departmental				
Employee relations	60,000	50,000	46,026	3,974
Unemployment compensation	2,000	7,000	2,794	4,206
OPEB expense	728,280	728,280	728,280	-
Employee assistance	-	-	8,400	(8,400)
Property and liability insurance	510,000	585,000	583,516	1,484
Small claims	125,000	155,000	154,264	736
Employee W/C small claims	79,000	90,000	89,506	494
Bank charges	-	500	288	212
Credit card fees	48,000	53,000	44,185	8,815
Boys and Girls Club	20,000	20,000	20,000	-
Transit system	242,500	218,000	218,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Property acquisition expenditures	-	1,486,900	919,024	567,876
NOU Homeless program	75,000	75,000	71,873	3,127
Florence Family Support Ctr	11,000	11,000	11,000	-
Salvation Army	7,000	-	-	-
Lighthouse Ministries	7,000	-	-	-
My Brother's Keeper	19,000	20,000	20,000	-
COVID CARES Supplement	-	22,000	21,515	485
Foster Care Clothing Closet	7,000	7,000	7,000	-
Pee Dee Coalition	5,000	5,000	5,000	-
Dargan Street Incubator	100,900	75,900	75,840	60
Farmers Market expenses	50,000	30,000	29,553	447
Contingency	596,480	341,880	-	341,880
Street lights	925,000	935,500	935,086	414
Rail to trail project	-	1,500	1,500	-
Tank Site development	-	500	60	440
Animal Shelter Improvements	-	10,000	-	10,000
Recreation Facilities Rehab	-	22,000	-	22,000
Management software expenditures	102,000	110,500	104,373	6,127
Health services	75,000	81,500	80,552	948

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2021

	<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	12,000	500	-	500
IT support services	393,600	392,700	382,482	10,218
Legal services	60,000	66,500	66,140	360
Downtown revitalization	-	-	10,431	(10,431)
Community Centers	-	-	20,968	(20,968)
Parks/Facilities improvements	54,800	256,800	2,945,033	(2,688,233)
Fire stations	-	-	1,685,579	(1,685,579)
Parking garage	-	-	228,613	(228,613)
Property clearing/demolition	-	-	83,189	(83,189)
Special projects	70,000	192,000	191,731	269
Other recreation programs	-	-	235,075	(235,075)
Downtown promotions	25,000	41,000	26,945	14,055
Florence Civic Center	-	180,000	180,000	-
BTC parking lease	63,000	69,000	68,250	750
FMU appropriations	-	1,530,000	-	1,530,000
City Center operations	350,000	356,500	265,210	91,290
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>4,838,560</u>	<u>8,242,960</u>	<u>10,582,281</u>	<u>(2,339,321)</u>
Debt Service				
Principal	2,391,000	1,621,000	196,667	1,424,333
Interest	1,000	1,000	1,073,129	(1,072,129)
Total Debt Service	<u>2,392,000</u>	<u>1,622,000</u>	<u>1,269,796</u>	<u>352,204</u>
TOTAL EXPENDITURES	<u>40,685,000</u>	<u>46,591,850</u>	<u>44,154,561</u>	<u>2,437,289</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(5,978,000)</u>	<u>(13,922,950)</u>	<u>(5,299,689)</u>	<u>8,623,261</u>
Other Financing Sources				
Proceeds from long-term debt	-	-	17,289,899	17,289,899
Refunding bonds issued	-	-	28,532,101	28,532,101
Payments to refunding bond escrow agent	-	-	(23,310,388)	(23,310,388)
Capital leases	-	-	267,104	267,104
Proceeds from sale of property	-	114,900	114,941	41
Proceeds from insurance settlements	143,000	11,000	12,296	1,296
Transfers in	5,835,000	5,617,150	4,961,506	(655,644)
Appropriation of fund balance	-	8,179,900	-	(8,179,900)
Total Other Financing Sources	<u>5,978,000</u>	<u>13,922,950</u>	<u>27,867,459</u>	<u>13,944,509</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, 2021

	<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	-	-	22,567,770	22,567,770
Fund balance at beginning of year	<u>30,187,394</u>	<u>30,187,394</u>	<u>30,187,394</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 30,187,394</u>	<u>\$ 30,187,394</u>	<u>\$ 52,755,164</u>	<u>\$ 22,567,770</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, 2021

	<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	\$ 17,532,000	\$ 17,765,000	\$ 18,728,392	\$ 963,392
Sewer service fees	19,493,000	19,577,000	21,228,824	1,651,824
Sewer surcharge	40,000	40,000	69,382	29,382
Cut on fees	173,000	200,000	225,834	25,834
Water tap fees	800,000	758,000	976,071	218,071
Sewer tap fees	345,000	267,000	283,784	16,784
Service charges	255,000	239,000	248,433	9,433
Late fees	420,000	430,500	432,262	1,762
Miscellaneous	250,000	208,500	332,960	124,460
Total Operating Revenues	<u>39,308,000</u>	<u>39,485,000</u>	<u>42,525,942</u>	<u>3,040,942</u>
Operating Expenses				
Engineering				
Salary and wages	746,720	718,180	716,417	1,763
Retirement	123,670	110,870	110,346	524
Health insurance	120,500	107,610	106,632	978
Workers' compensation	16,980	16,190	16,133	57
Social security	55,380	52,620	52,582	38
Printing and supplies	5,000	4,240	4,233	7
Postage	300	150	85	65
Membership and dues	1,500	1,000	420	580
Auto operating expenses	4,500	5,300	4,811	489
Electricity	30,000	22,600	22,591	9
Travel and conferences	1,500	960	559	401
Telephone related services	11,000	18,400	18,325	75
Radio maintenance	500	-	-	-
Maintenance and service contracts	50,000	70,300	70,281	19
Building maintenance	5,000	-	-	-
Uniforms and clothing	2,000	2,000	1,334	666
Public notices	200	450	450	-
Employee training	2,000	1,500	1,115	385
Professional services	55,000	61,000	60,936	64
Special departmental supplies	8,000	8,000	7,817	183
Gas and oil	13,500	7,500	7,481	19
Total Engineering	<u>1,253,250</u>	<u>1,208,870</u>	<u>1,202,548</u>	<u>6,322</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, 2021

	<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	1,379,460	1,283,240	1,260,930	22,310
Retirement	228,480	195,340	195,142	198
Health insurance	313,880	249,430	249,158	272
Workers' compensation	40,170	38,220	38,075	145
Social security	102,210	96,900	93,331	3,569
Printing and supplies	10,000	12,000	7,925	4,075
Office supplies	16,000	18,000	15,072	2,928
Postage	37,000	46,000	44,599	1,401
Membership and dues	1,700	1,700	230	1,470
Travel and conferences	2,500	2,500	-	2,500
Auto operating expenses	27,000	27,000	23,319	3,681
Radio maintenance	-	200	138	62
Other maintenance and repairs	3,500	3,500	538	2,962
Telephone related services	26,000	36,000	35,880	120
Maintenance and service contracts	65,000	65,000	57,275	7,725
Employee training	3,200	3,200	-	3,200
Utility billing	275,830	239,830	238,905	925
Special departmental supplies	20,000	20,000	19,706	294
Meters, parts and supplies	100,000	74,000	58,045	15,955
Uniforms and clothing	16,000	16,000	12,355	3,645
Gas and oil	52,000	52,000	46,181	5,819
Total Utility Finance	<u>2,719,930</u>	<u>2,480,060</u>	<u>2,396,804</u>	<u>83,256</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, 2021

	<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	1,429,000	1,326,720	1,317,236	9,484
Retirement	229,180	214,710	202,878	11,832
Health insurance	312,140	253,000	237,295	15,705
Workers' compensation	44,760	42,510	42,394	116
Social security	104,180	97,540	95,533	2,007
Printing and supplies	2,000	2,990	2,788	202
Postage	1,600	1,600	1,372	228
Membership and dues	11,000	20,000	19,185	815
Auto operating expenses	10,000	19,410	19,220	190
Electricity	1,263,700	1,329,030	1,328,749	281
Heating fuel	15,000	15,000	9,840	5,160
Telephone related services	12,000	20,650	20,172	478
Radio maintenance	500	500	-	500
Maintenance and service contracts	60,000	40,680	38,113	2,567
Machine and equipment repairs	403,500	427,560	387,542	40,018
Building maintenance	5,000	8,380	8,374	6
Landfill services	330,000	541,210	540,824	386
Uniforms and clothing	18,000	18,200	18,143	57
Chemicals	205,000	274,500	273,946	554
Lab supplies	34,000	42,170	41,259	911
Employee training	10,000	5,960	5,885	75
Professional services	60,000	95,000	94,399	601
Special departmental supplies	70,000	81,410	81,379	31
Gas and oil	45,000	42,130	41,630	500
Water usage	14,000	25,380	25,371	9
Upgrade and painting	350,000	81,030	-	81,030
Total Wastewater Treatment	<u>5,039,560</u>	<u>5,027,270</u>	<u>4,853,527</u>	<u>173,743</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, 2021

	<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	436,320	363,730	362,766	964
Retirement	72,270	55,300	54,419	881
Health insurance	78,890	69,570	66,639	2,931
Workers' compensation	13,880	13,210	13,152	58
Social security	32,470	30,120	26,758	3,362
Printing and supplies	800	1,700	1,692	8
Postage	140	140	70	70
Membership and dues	650	650	240	410
Auto operating expenses	2,000	2,200	2,057	143
Electricity	366,000	315,700	315,671	29
Telephone related services	5,000	11,000	10,906	94
Heating fuel	20,000	16,600	12,753	3,847
Radio maintenance	500	500	-	500
Maintenance and service contracts	10,000	2,150	2,142	8
Machine and equipment repairs	142,260	406,860	406,468	392
Building maintenance	30,000	49,120	49,042	78
Uniform and clothing	6,000	6,000	4,666	1,334
Chemicals	302,500	367,550	367,483	67
Lab supplies	45,000	44,480	44,385	95
Employee training	1,500	2,700	2,295	405
Professional services	20,000	41,050	40,310	740
Special departmental supplies	20,000	10,500	10,341	159
Gas and oil	4,000	5,400	5,306	94
Water usage	1,800	1,800	1,273	527
Upgrade and painting	603,000	248,870	-	248,870
Total Water Production - Surface Water	2,214,980	2,066,900	1,800,834	266,066

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, 2021

	<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	353,150	305,280	301,005	4,275
Retirement	58,490	48,610	44,385	4,225
Health insurance	94,460	66,350	53,093	13,257
Workers' compensation	12,320	11,920	11,596	324
Social security	25,760	22,520	21,817	703
Postage	170	170	1	169
Membership and dues	600	1,400	1,215	185
Auto operating expenses	5,000	5,980	5,589	391
Electricity	760,500	916,830	916,824	6
Telephone related services	40,000	54,910	54,720	190
Heating fuel	200	260	258	2
Radio maintenance	400	290	-	290
Machine and equipment repairs	80,000	147,570	147,311	259
Building maintenance	3,000	300	239	61
Uniform and clothing	5,000	5,000	4,797	203
Chemicals	100,000	97,100	96,801	299
Lab supplies	14,500	14,500	11,621	2,879
Employee training	1,500	2,200	1,438	762
Professional services	75,000	117,120	117,113	7
Well repairs	121,600	101,110	17,203	83,907
Special departmental supplies	5,500	16,700	15,328	1,372
Gas and oil	17,000	17,000	16,846	154
Water usage	8,500	9,000	8,520	480
Upgrade and painting	175,000	9,710	-	9,710
Total Water Production - Ground Water	1,957,650	1,971,830	1,847,720	124,110

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, 2021

	<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	1,006,400	813,720	813,545	175
Retirement	166,780	126,400	125,939	461
Health insurance	233,720	160,750	160,612	138
Workers' compensation	32,360	30,810	30,710	100
Social security	74,160	59,640	59,584	56
Printing and supplies	7,550	8,650	8,590	60
Postage	150	150	57	93
Membership and dues	300	170	170	-
Auto operating expenses	25,500	23,000	22,848	152
Electricity	10,000	9,400	9,364	36
Telephone related services	11,000	16,530	16,165	365
Heating fuel	10,000	3,770	3,479	291
Radio maintenance	500	-	-	-
Maintenance and service contracts	4,500	5,640	5,639	1
Maintenance and equipment repairs	36,000	33,000	32,874	126
Building maintenance	17,000	45,970	45,564	406
Uniform and clothing	19,000	17,590	17,070	520
Meters, parts and supplies	95,000	96,910	96,874	36
Pipe fittings and hydrants	265,000	285,800	285,783	17
Paving materials and supplies	7,500	29,680	29,597	83
Employee training	1,000	1,660	1,518	142
Professional services	10,000	262,270	261,818	452
Special departmental supplies	27,500	67,040	67,010	30
Gas and oil	45,000	65,300	65,250	50
Water usage	10,500	12,120	12,115	5
Machines and equipment	-	250	-	250
Total Distribution Operations	<u>2,116,420</u>	<u>2,176,220</u>	<u>2,172,175</u>	<u>4,045</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, 2021

	<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	688,990	592,130	575,512	16,618
Retirement	114,180	101,010	89,087	11,923
Health insurance	147,540	136,870	128,645	8,225
Workers' compensation	21,610	20,590	20,539	51
Social security	50,640	45,890	41,108	4,782
Printing and supplies	700	400	229	171
Postage	50	70	66	4
Membership and dues	1,000	-	-	-
Auto operating expenses	33,000	34,200	28,645	5,555
Telephone related services	3,600	5,200	5,114	86
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	33,000	43,000	37,070	5,930
Uniform and clothing	11,000	9,800	9,128	672
Pipe fittings and hydrants	94,000	100,000	99,890	110
Paving materials and supplies	56,000	91,060	90,419	641
Employee training	2,000	1,000	703	297
Professional services	200	8,500	8,499	1
Special departmental supplies	30,000	34,820	34,760	60
Gas and oil	40,000	51,000	50,764	236
Total Collection Operations	1,328,010	1,276,040	1,220,178	55,862
Non-Departmental				
Depreciation and amortization	15,376,000	16,281,300	9,564,788	6,716,512
Bank charges	2,000	12,500	34,546	(22,046)
Credit card fees	189,800	225,300	224,868	432
Employee relations	57,000	36,000	35,804	196
Unemployment compensation	2,000	5,000	3,063	1,937
Other post employment benefits	262,990	262,900	226,359	36,541
GASB 68 pension expense	-	-	607,521	(607,521)
Property and liability insurance	325,000	370,500	370,344	156
Small claims	105,000	154,000	153,799	201
Employee W/C small claims	35,000	33,500	33,174	326
Legal services	65,000	66,500	66,140	360
City Center operations	350,000	344,000	343,729	271
Contingency	155,400	100	-	100
Tank Site development	-	500	60	440

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, 2021

	<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	310,600	317,600	317,560	40
IT upgrade	83,000	62,000	61,211	789
Management system software	124,410	107,410	106,927	483
Health services	75,000	81,000	80,551	449
Professional fees	-	241,500	241,361	139
Special projects	140,000	86,000	85,671	329
Total Non-Departmental	<u>17,658,200</u>	<u>18,687,610</u>	<u>12,557,476</u>	<u>6,130,134</u>
TOTAL OPERATING EXPENSES	<u>34,288,000</u>	<u>34,894,800</u>	<u>28,051,262</u>	<u>6,843,538</u>
OPERATING INCOME	<u>5,020,000</u>	<u>4,590,200</u>	<u>14,474,680</u>	<u>9,884,480</u>
Non-Operating Revenues (Expenses)				
Investment earnings	200,000	23,000	77,677	54,677
Economic development	(1,250,000)	(1,049,200)	(1,049,094)	106
Miscellaneous expenses	-	-	(7,570)	(7,570)
Interest expense	-	-	(2,969,848)	(2,969,848)
Appropriation of net position	-	406,000	-	(406,000)
Total Non-Operating (Expenses)	<u>(1,050,000)</u>	<u>(620,200)</u>	<u>(3,948,835)</u>	<u>(3,328,635)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>3,970,000</u>	<u>3,970,000</u>	<u>10,525,845</u>	<u>6,555,845</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>2,593,369</u>	<u>2,593,369</u>
INCOME BEFORE TRANSFERS TRANSFERS OUT	<u>3,970,000</u> <u>(3,970,000)</u>	<u>3,970,000</u> <u>(3,970,000)</u>	<u>13,119,214</u> <u>(3,970,000)</u>	<u>9,149,214</u> <u>-</u>
CHANGES IN NET POSITION	<u>-</u>	<u>-</u>	<u>9,149,214</u>	<u>9,149,214</u>
Net position at beginning of year	<u>142,608,439</u>	<u>142,608,439</u>	<u>142,608,439</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 142,608,439</u>	<u>\$ 142,608,439</u>	<u>\$ 151,757,653</u>	<u>\$ 9,149,214</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, 2021

	<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	\$ 1,351,000	\$ 1,351,075	\$ 1,500,912	\$ 149,837
Miscellaneous	12,500	13,500	125,845	112,345
Total Operating Revenues	<u>1,363,500</u>	<u>1,364,575</u>	<u>1,626,757</u>	<u>262,182</u>
Operating Expenses				
Salary and wages	358,250	335,880	335,228	652
Retirement	59,370	52,280	51,977	303
Health insurance	68,480	65,560	65,427	133
Workers' compensation	12,310	11,910	11,881	29
Social security	26,650	24,600	24,589	11
Printing and supplies	500	500	-	500
Membership and dues	500	200	30	170
Postage	200	200	7	193
Travel and conferences	800	-	-	-
Auto operating expenses	20,430	19,430	19,331	99
Electricity	3,400	4,400	4,249	151
Telephone related services	2,000	1,000	908	92
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	27,250	33,650	33,584	66
Uniforms and clothing	5,000	5,000	4,771	229
Pipe fittings and hydrants	11,700	700	403	297
Employee training	500	-	-	-
Professional services	19,730	71,730	128,697	(56,967)
Special departmental supplies	14,200	6,700	6,267	433
Gas and oil	35,000	36,000	35,898	102
Depreciation	-	-	251,154	(251,154)
Bank charges	-	-	3,500	(3,500)
Employee relations	2,000	2,000	1,542	458
Property and liability insurance	11,200	12,700	12,667	33
Other post employment benefits	20,230	20,230	17,418	2,812
GASB 68 pension expense	-	-	43,394	(43,394)
TOTAL OPERATING EXPENSES	<u>700,200</u>	<u>705,170</u>	<u>1,052,922</u>	<u>(347,752)</u>
OPERATING INCOME	<u>663,300</u>	<u>659,405</u>	<u>573,835</u>	<u>(85,570)</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, 2021

	<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	1,500	425	1,048	623
Interest expense	<u>-</u>	<u>-</u>	<u>(8,500)</u>	<u>(8,500)</u>
Total Non-Operating Revenues (Expenses)	<u>1,500</u>	<u>425</u>	<u>(7,452)</u>	<u>(7,877)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	664,800	659,830	566,383	(93,447)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>745,276</u>	<u>745,276</u>
INCOME BEFORE TRANSFERS	664,800	659,830	1,311,659	651,829
TRANSFERS OUT	<u>(664,800)</u>	<u>(659,830)</u>	<u>(110,000)</u>	<u>549,830</u>
CHANGES IN NET POSITION	-	-	1,201,659	1,201,659
Net position at beginning of year	<u>3,020,159</u>	<u>3,020,159</u>	<u>3,020,159</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 3,020,159</u>	<u>\$ 3,020,159</u>	<u>\$ 4,221,818</u>	<u>\$ 1,201,659</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2021

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			673,540	673,540
Court fines and assessments remitted to State Treasurer			370,553	370,553
Total Court Fines and Assessments retained			302,987	302,987
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			9,853	9,853
Assessments retained			33,259	33,259
Total Surcharges and Assessments retained for victim services			43,112	43,112

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	45,366		45,366
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	33,259		33,259
Victim Service Surcharges Retained by City/County Treasurer	9,853		9,853
Interest Earned	5		5
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)	88,483		88,483

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2021

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	88,015		88,015
Operating Expenditures	468		468
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)	88,483		88,483
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	-		-

STATISTICAL SECTION

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<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	162
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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

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Table 01

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in,										
capital assets	\$ 19,429,425	\$ 20,692,434	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102	\$ 38,005,596	\$ 45,883,732	\$ 51,255,140	\$ 53,146,832	\$ 55,591,432
Restricted	1,279,834	2,815,762	2,213,701	2,074,462	2,351,821	6,077,735	4,019,313	3,862,325	3,932,339	3,410,355
Unrestricted	8,596,543	8,804,690	9,331,143	(13,305,020)	(12,331,352)	(9,668,156)	(16,772,297)	(21,520,227)	(19,529,042)	(13,575,391)
Total governmental activities net assets	\$ 29,305,802	\$ 32,312,886	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571	\$ 34,415,175	\$ 33,130,748	\$ 33,597,238	\$ 37,550,129	\$ 45,426,396
Business-type activities										
Net investment in,										
capital assets	\$ 82,021,447	\$ 89,407,316	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266	\$ 95,268,914	\$ 101,751,447	\$ 102,974,482	\$ 111,026,196	\$ 106,120,448
Restricted	4,899,688	4,794,542	4,704,434	10,180,548	9,760,388	9,055,832	7,988,039	7,841,160	3,889,776	4,599,746
Unrestricted	25,586,627	27,718,326	35,629,092	24,556,756	29,552,940	29,988,158	28,028,320	32,777,199	30,712,626	45,259,277
Total business-type activities net assets	\$ 112,507,762	\$ 121,920,184	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594	\$ 134,312,904	\$ 137,767,806	\$ 143,592,841	\$ 145,628,598	\$ 155,979,471
Primary government totals										
Net investment in,										
capital assets	\$ 101,450,872	\$ 110,099,750	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368	\$ 133,274,510	\$ 147,635,179	\$ 154,229,622	\$ 164,173,028	\$ 161,711,880
Restricted	6,179,522	7,610,304	6,918,135	12,255,010	12,112,209	15,133,567	12,007,352	11,703,485	7,822,115	8,010,101
Unrestricted	34,183,170	36,523,016	44,960,235	11,251,736	17,221,588	20,320,002	11,256,023	11,256,972	11,183,584	31,683,886
Total primary government net assets	\$ 141,813,564	\$ 154,233,070	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165	\$ 168,728,079	\$ 170,898,554	\$ 177,190,079	\$ 183,178,727	\$ 201,405,867

Table 02

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 6,884,773	\$ 6,224,892	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736	\$ 12,239,632	\$ 12,317,892	\$ 9,236,887	\$ 11,128,639	\$ 10,195,496
Public safety	15,342,743	14,258,623	14,418,964	14,941,776	14,544,967	14,958,057	15,066,903	14,208,407	15,338,078	17,323,051
Public works	5,527,026	5,789,957	6,893,527	6,875,207	6,646,686	6,829,919	7,500,862	6,037,673	7,797,621	7,864,732
Culture and recreation	5,223,822	4,939,601	4,767,511	4,967,947	4,954,024	4,547,612	5,088,425	4,280,394	3,546,944	3,707,902
Community development	1,097,686	730,670	1,235,708	777,787	937,622	1,550,188	2,387,177	16,067,752	3,491,822	7,960,433
Interest on debt	672,883	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
Total governmental activities expenses	<u>34,748,933</u>	<u>32,372,425</u>	<u>35,225,974</u>	<u>37,444,921</u>	<u>36,758,414</u>	<u>41,653,841</u>	<u>44,510,738</u>	<u>51,919,491</u>	<u>43,582,633</u>	<u>49,337,421</u>
Business-type activities:										
Water & Sewer	18,376,996	18,926,059	20,005,585	30,064,373	24,495,818	27,691,355	27,566,748	29,139,836	36,718,131	32,077,774
Storm water	1,295,628	1,197,054	1,309,421	1,265,095	1,037,530	1,173,863	1,293,521	1,518,702	1,132,289	1,061,422
Total business-type activities expenses	<u>19,672,624</u>	<u>20,123,113</u>	<u>21,315,006</u>	<u>31,329,468</u>	<u>25,533,348</u>	<u>28,865,218</u>	<u>28,860,269</u>	<u>30,658,538</u>	<u>37,850,420</u>	<u>33,139,196</u>
Total primary government expenses	<u>\$ 54,421,557</u>	<u>\$ 52,495,538</u>	<u>\$ 56,540,980</u>	<u>\$ 68,774,389</u>	<u>\$ 62,291,762</u>	<u>\$ 70,519,059</u>	<u>\$ 73,371,007</u>	<u>\$ 82,578,029</u>	<u>\$ 81,433,053</u>	<u>\$ 82,476,617</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 13,786,297	\$ 15,030,057	\$ 15,232,023	\$ 15,749,432	\$ 15,884,921	\$ 17,253,231	\$ 17,282,058	\$ 18,140,380	\$ 17,771,616	\$ 18,324,617
Operating grants and contributions	2,971,633	2,362,524	1,611,072	2,475,584	2,248,462	5,562,426	2,655,631	2,712,773	2,944,931	4,413,900
Capital grants and contributions	356,500	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	<u>17,114,430</u>	<u>17,504,011</u>	<u>16,843,095</u>	<u>23,024,548</u>	<u>18,322,739</u>	<u>28,317,648</u>	<u>20,989,414</u>	<u>21,794,713</u>	<u>20,801,547</u>	<u>24,155,968</u>
Business-type activities:										
Charges for services:										
Water & Sewer	29,557,415	29,988,906	31,256,440	32,457,737	33,366,766	35,122,557	34,780,190	36,365,890	37,338,471	41,286,453
Stormwater	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619	1,351,507	1,500,912
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	<u>30,810,314</u>	<u>31,462,506</u>	<u>32,755,595</u>	<u>34,105,062</u>	<u>34,670,748</u>	<u>36,437,477</u>	<u>37,278,554</u>	<u>37,879,844</u>	<u>42,037,724</u>	<u>46,126,010</u>
Total primary government revenues	<u>47,924,744</u>	<u>48,966,517</u>	<u>49,598,690</u>	<u>57,129,610</u>	<u>52,993,487</u>	<u>64,755,125</u>	<u>58,267,968</u>	<u>59,674,557</u>	<u>62,839,271</u>	<u>70,281,978</u>
Net (expense)/revenue										
Governmental activities	(17,634,503)	(14,868,414)	(18,382,879)	(14,420,373)	(18,435,675)	(13,336,193)	(23,521,324)	(30,124,778)	(22,781,086)	(25,181,453)
Business-type activities	11,137,690	11,339,393	11,440,589	2,775,594	9,137,400	7,572,259	8,418,285	7,221,306	4,187,304	12,986,814
Total primary government net expense	<u>\$ (6,496,813)</u>	<u>\$ (3,529,021)</u>	<u>\$ (6,942,290)</u>	<u>\$ (11,644,779)</u>	<u>\$ (9,298,275)</u>	<u>\$ (5,763,934)</u>	<u>\$ (15,103,039)</u>	<u>\$ (22,903,472)</u>	<u>\$ (18,593,782)</u>	<u>\$ (12,194,639)</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 9,401,312	\$ 9,340,283	\$ 9,462,898	\$ 9,617,294	\$ 9,958,587	\$ 10,657,474	\$ 10,815,950	\$ 11,022,616	\$ 11,280,518	\$ 11,655,963
Hospitality Fees	3,092,529	3,214,470	3,396,306	3,677,328	3,863,554	4,036,958	4,101,928	4,342,184	4,205,349	4,722,870
Unrestricted grants and contributions	728,643	851,358	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380	9,152,620	4,659,987	4,982,456
Investment earnings	20,686	42,800	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,753
Gain on sale of assets	355,108	-	-	-	-	-	-	-	146,290	114,941
Miscellaneous	149,837	895,937	1,112,385	793,547	745,861	593,622	1,972,958	1,366,098	2,064,819	7,453,161
Transfers	2,520,001	2,956,317	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000	3,888,000	4,080,000
Total governmental activities	<u>16,268,116</u>	<u>17,301,165</u>	<u>17,431,016</u>	<u>19,621,965</u>	<u>24,878,719</u>	<u>28,697,797</u>	<u>30,378,645</u>	<u>30,591,268</u>	<u>26,733,977</u>	<u>33,048,144</u>
Business-type activities										
Investment earnings	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725
Miscellaneous	965,858	977,161	897,012	1,091,191	1,074,478	987,088	842,447	1,543,536	923,686	1,365,334
Transfers	<u>(2,520,001)</u>	<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>
Total business-type activities	<u>(1,503,604)</u>	<u>(1,926,971)</u>	<u>(1,184,931)</u>	<u>(2,004,787)</u>	<u>(3,343,025)</u>	<u>(2,306,949)</u>	<u>(2,103,089)</u>	<u>(1,396,271)</u>	<u>(2,151,547)</u>	<u>(2,635,941)</u>
Total primary government	<u>\$ 14,764,512</u>	<u>\$ 15,374,194</u>	<u>\$ 16,246,085</u>	<u>\$ 17,617,178</u>	<u>\$ 21,535,694</u>	<u>\$ 26,390,848</u>	<u>\$ 28,275,556</u>	<u>\$ 29,194,997</u>	<u>\$ 24,582,430</u>	<u>\$ 30,412,203</u>
Changes in Net Position										
Governmental activities	\$ (1,366,387)	\$ 2,432,751	\$ (951,863)	\$ 5,201,592	\$ 6,443,044	\$ 15,361,604	\$ 6,857,321	\$ 466,490	\$ 3,952,891	\$ 7,866,922
Business-type activities	9,634,086	9,412,422	10,255,658	770,807	5,794,375	5,265,310	6,315,196	5,825,035	2,035,757	10,350,873
Total primary government	<u>\$ 8,267,699</u>	<u>\$ 11,845,173</u>	<u>\$ 9,303,795</u>	<u>\$ 5,972,399</u>	<u>\$ 12,237,419</u>	<u>\$ 20,626,914</u>	<u>\$ 13,172,517</u>	<u>\$ 6,291,525</u>	<u>\$ 5,988,648</u>	<u>\$ 18,217,795</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
2012	\$ 9,401,312	\$ 10,318,699	\$ 3,092,529	\$ 692,526	\$ 23,505,066
2013	9,340,283	11,085,979	3,214,470	644,920	24,285,652
2014	9,462,898	11,334,578	3,396,306	637,172	24,830,954
2015	9,617,294	11,528,597	3,677,328	540,934	25,364,153
2016	9,958,587	11,711,268	3,863,554	549,212	26,082,621
2017	10,657,474	13,202,859	4,036,958	465,109	28,362,400
2018	10,815,950	13,444,405	4,101,928	416,398	28,778,681
2019	11,022,616	14,194,184	4,342,184	327,772	29,886,756
2020	11,280,518	14,116,655	4,205,349	235,123	29,837,645
2021	11,655,963	14,631,924	4,722,870	292,396	31,303,153

Table 04

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Nonspendable	\$ 265,745	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914	\$ 6,325,288	\$ 7,791,240	\$ 8,900,823
Restricted	-	331,319	-	-	-	-	-	-	-	22,969,900
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	781,179	1,934,688	1,979,096	2,355,008	3,249,055	3,764,823	3,776,576	3,272,097	4,094,673	4,855,737
Unassigned	<u>8,291,180</u>	<u>8,415,209</u>	<u>9,081,509</u>	<u>10,109,014</u>	<u>11,591,331</u>	<u>13,320,377</u>	<u>11,053,105</u>	<u>17,709,776</u>	<u>18,301,481</u>	<u>16,028,704</u>
Total General Fund	\$ 9,338,104	\$ 10,934,389	\$ 11,320,825	\$ 12,684,412	\$ 15,026,580	\$ 17,240,267	\$ 16,975,595	\$ 27,307,161	\$ 30,187,394	\$ 52,755,164
All other governmental funds										
Nonspendable	\$ 25,063	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473	\$ 334,218	\$ 382,469	\$ 941,362
Restricted	1,279,834	2,484,443	17,846,136	15,347,557	14,621,783	28,880,415	40,327,171	22,670,970	18,436,319	16,242,292
Committed	1,409,480	596,533	596,233	522,669	411,240	174,408	19,816	375	128,732	1,476,180
Assigned	675,914	-	15,000	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,390,291</u>	<u>\$ 3,128,357</u>	<u>\$ 18,482,069</u>	<u>\$ 15,904,118</u>	<u>\$ 15,043,523</u>	<u>\$ 29,077,884</u>	<u>\$ 40,358,460</u>	<u>\$ 23,005,563</u>	<u>\$ 18,947,520</u>	<u>\$ 18,659,834</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Property Taxes	\$ 9,399,509	\$ 9,356,801	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653	\$ 10,678,127	\$ 10,803,006	\$ 11,025,605	\$ 11,175,749	\$ 11,815,481
Licenses and fees	13,411,228	14,510,042	14,910,015	16,034,673	19,426,009	22,932,167	22,878,390	22,362,083	19,233,504	20,368,053
Intergovernmental	3,790,156	3,772,655	3,872,395	4,975,460	5,056,720	8,075,493	5,643,675	7,051,649	7,283,691	7,698,404
Charges for services	2,159,166	2,387,117	2,230,427	2,487,241	2,522,868	2,626,414	3,160,164	3,287,619	3,070,150	2,893,598
Fines and forfeitures	692,526	644,920	637,171	540,934	549,212	465,109	416,398	327,772	235,123	292,396
Investment earnings	20,689	40,298	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,984
Miscellaneous	675,859	1,042,119	534,793	654,253	536,381	2,783,624	3,562,056	7,730,916	3,690,323	10,397,742
Total revenues	<u>30,149,133</u>	<u>31,753,952</u>	<u>31,704,936</u>	<u>34,375,018</u>	<u>38,144,622</u>	<u>47,817,472</u>	<u>47,011,889</u>	<u>52,623,394</u>	<u>45,177,554</u>	<u>53,504,658</u>
Expenditures										
Current										
General government	6,776,184	6,072,413	7,315,367	6,911,151	7,558,246	9,791,500	9,858,059	8,597,921	9,401,450	8,900,000
Public safety	14,132,035	13,552,531	14,001,197	14,240,947	13,820,581	14,060,888	13,906,863	14,583,043	14,674,771	15,138,931
Public works	4,699,514	4,909,427	6,116,375	5,995,862	5,802,639	6,067,821	6,142,350	6,486,423	7,003,092	6,865,394
Culture and recreation	4,801,637	4,331,993	3,960,994	4,282,804	4,273,709	3,961,033	4,511,694	4,430,894	3,280,478	3,238,970
Community development	1,097,686	730,670	1,418,149	777,787	937,622	1,550,188	2,300,015	16,088,454	3,455,168	7,151,058
Debt Service										
Principal	2,358,462	1,763,799	8,410,196	1,677,644	1,855,632	16,891,310	4,059,191	5,267,602	10,595,239	25,053,387
Interest	612,332	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
Capital Outlay	<u>1,920,377</u>	<u>8,155,386</u>	<u>1,234,356</u>	<u>4,649,677</u>	<u>15,655,333</u>	<u>16,935,888</u>	<u>12,081,550</u>	<u>13,558,083</u>	<u>7,773,173</u>	<u>12,896,713</u>
Total expenditures	<u>36,398,227</u>	<u>39,975,688</u>	<u>42,930,117</u>	<u>39,538,635</u>	<u>50,916,722</u>	<u>70,856,060</u>	<u>55,068,894</u>	<u>71,081,677</u>	<u>58,462,900</u>	<u>81,530,260</u>
Excess of revenues under expenditures	<u>(6,249,094)</u>	<u>(8,221,736)</u>	<u>(11,225,181)</u>	<u>(5,163,617)</u>	<u>(12,772,100)</u>	<u>(23,038,588)</u>	<u>(8,057,005)</u>	<u>(18,458,283)</u>	<u>(13,285,346)</u>	<u>(28,025,602)</u>
Other financing sources (uses)										
Issuance of debt	-	-	23,734,000	-	6,750,000	35,570,000	15,334,554	7,100,000	7,365,000	45,822,000
Insurance proceeds	72,102	-	487,788	296,753	246,904	118,636	234,726	214,552	189,986	12,296
Transfers in	3,353,864	4,100,888	4,338,317	4,315,923	5,985,842	23,075,136	5,548,735	5,601,553	5,487,210	5,617,612
Transfers out	(833,863)	(1,155,163)	(2,224,973)	(1,142,224)	(1,392,198)	(19,477,136)	(2,077,506)	(1,731,553)	(1,599,210)	(1,537,612)
Proceeds from sale of property	-	-	-	-	777,040	-	-	-	448,335	114,941
Proceeds of capital lease	395,606	6,610,362	705,308	478,801	1,886,085	-	32,400	252,400	216,215	267,104
Total other financing sources (uses)	<u>2,987,709</u>	<u>9,556,087</u>	<u>27,040,440</u>	<u>3,949,253</u>	<u>14,253,673</u>	<u>39,286,636</u>	<u>19,072,909</u>	<u>11,436,952</u>	<u>12,107,536</u>	<u>50,296,341</u>
Net changes in governmental fund balance	<u>\$ (3,261,385)</u>	<u>\$ 1,334,351</u>	<u>\$ 15,815,259</u>	<u>\$ (1,214,364)</u>	<u>\$ 1,481,573</u>	<u>\$ 16,248,048</u>	<u>\$ 11,015,904</u>	<u>\$ (7,021,331)</u>	<u>\$ (1,177,810)</u>	<u>\$ 22,270,739</u>
Debt service as a percentage of non-capital expenditures	8.6%	7.0%	21.3%	7.7%	8.1%	34.3%	14.6%	12.8%	25.4%	39.8%

Table 06

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Water & Sewer										
Service Fees	\$ 28,975,273	\$ 29,431,296	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063	\$ 34,288,028	\$ 33,782,797	\$ 35,410,622	\$ 36,286,804	\$ 40,026,598
Sewer Surcharges	35,156	40,594	50,664	21,944	17,698	102	-	-	-	-
Cut on Fees	147,414	193,597	187,447	190,132	151,209	159,534	167,278	216,056	146,174	225,834
Water & Sewer										
Tap Fees	546,986	517,016	568,610	706,918	778,005	834,426	997,393	955,267	1,051,666	1,259,855
Service Charges	240,778	269,065	226,691	246,082	243,994	249,883	234,730	253,514	220,505	248,433
Late Fees	430,468	390,401	404,942	472,545	427,652	358,480	228,925	446,945	306,362	432,262
Storm water Fees	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619	1,351,507	1,500,912
Investment earnings	50,539	52,185	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725
Intergovernmental revenues	-	119,553	-	-	-	-	-	-	-	-
Miscellaneous	152,512	206,643	304,230	2,508,622	3,307,917	2,055,470	3,405,836	2,956,237	3,928,843	451,235
Total revenues	<u>31,832,025</u>	<u>32,491,852</u>	<u>33,684,008</u>	<u>37,233,327</u>	<u>38,977,661</u>	<u>39,564,806</u>	<u>40,650,268</u>	<u>42,491,453</u>	<u>44,104,628</u>	<u>44,223,854</u>
Expenditures										
Current										
Engineering	1,032,580	987,846	924,838	958,134	1,002,782	1,003,953	1,197,154	1,318,545	1,341,334	1,202,548
Utility Finance	1,411,815	1,939,902	1,694,928	1,732,099	1,735,464	1,711,197	1,847,515	2,904,847	2,420,643	2,396,804
Wastewater Treatment	3,239,314	3,581,179	3,775,600	3,841,748	4,051,886	4,520,864	4,392,813	4,506,251	4,874,320	4,853,527
Water Production	3,302,963	2,881,285	2,826,265	3,431,693	2,863,744	3,120,877	3,430,311	3,394,281	3,298,390	3,648,554
Distribution Operations	1,731,542	1,837,213	1,737,163	1,524,071	1,480,868	1,769,187	1,990,835	2,219,387	2,247,003	2,172,175
Collection Operations	732,536	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
Storm water	1,198,115	1,126,321	1,245,346	1,208,065	1,202,009	1,216,984	1,302,041	1,241,744	1,095,118	1,052,922
Non-departmental	7,029,073	6,992,914	8,139,732	19,435,705	15,130,531	16,165,514	15,519,886	15,643,495	20,799,335	13,246,273
Net Interdepartmental										
Transfer	2,520,001	2,945,725	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000	3,888,000	4,080,000
Total expense	<u>22,197,939</u>	<u>23,079,430</u>	<u>23,428,350</u>	<u>36,462,520</u>	<u>33,183,286</u>	<u>34,299,496</u>	<u>34,335,072</u>	<u>36,666,418</u>	<u>42,068,871</u>	<u>33,872,981</u>
Net change in net position	<u>\$ 9,634,086</u>	<u>\$ 9,412,422</u>	<u>\$ 10,255,658</u>	<u>\$ 770,807</u>	<u>\$ 5,794,375</u>	<u>\$ 5,265,310</u>	<u>\$ 6,315,196</u>	<u>\$ 5,825,035</u>	<u>\$ 2,035,757</u>	<u>\$ 10,350,873</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>
2012	\$ 9,399,509	\$ 10,318,699	\$ 3,092,529	\$ 692,526	\$ 23,503,263
2013	9,356,801	11,085,979	3,214,470	644,920	24,302,170
2014	9,494,556	11,334,578	3,396,306	637,172	24,862,612
2015	9,615,783	11,528,597	3,677,328	540,934	25,362,642
2016	9,931,653	11,711,268	3,863,554	549,212	26,055,687
2017	10,678,127	13,202,859	4,036,958	465,109	28,383,053
2018	10,803,006	13,444,405	4,101,928	416,398	28,765,737
2019	11,025,605	14,194,184	4,342,184	327,772	29,889,745
2020	11,175,749	14,116,655	4,205,349	235,123	29,732,876
2021	11,815,481	14,631,924	4,722,870	292,396	31,462,671

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					
2012	2011	\$ 54,714,285	\$ 71,085,672	\$ 14,523,690	\$ 19,183,573	\$ 4,591,064	\$ 154,916,156	56.7	\$ 2,960,477,579	5.23%
2013	2012	54,937,686	69,773,408	15,291,980	18,778,579	4,687,925	154,093,728	56.7	2,957,895,007	5.21
2014	2013	55,007,595	71,270,577	16,326,470	17,496,320	4,737,361	155,363,601	56.7	2,990,280,434	5.20
2015	2014	55,965,147	72,424,916	17,531,340	18,490,006	4,881,047	159,530,362	56.5	3,062,438,917	5.21
2016	2015	58,302,456	73,973,466	18,682,293	19,513,566	4,740,033	165,731,748	56.5	3,173,815,982	5.22
2017	2016	59,216,059	75,218,067	18,500,010	18,659,525	4,750,814	166,842,847	60.2	3,206,808,386	5.20
2018	2017	60,517,843	76,675,665	17,804,980	18,027,813	4,900,954	168,125,347	60.9	3,245,683,279	5.18
2019	2018	61,339,923	78,468,995	17,553,902	19,079,875	5,130,815	171,311,880	60.9	3,303,296,869	5.19
2020	2019	62,792,921	77,028,934	18,928,192	17,338,196	5,368,773	170,719,470	61.8	3,316,691,790	5.15
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

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		
2012	2011	53.7	3.0	56.7	68.9	8.0	76.9	177.5	30.0	207.5	4.9	346.0
2013	2012	53.7	3.0	56.7	71.9	8.0	79.9	184.5	35.6	220.1	4.9	361.6
2014	2013	53.7	3.0	56.7	75.4	9.0	84.4	189.3	31.7	221.0	4.9	367.0
2015	2014	53.7	2.8	56.5	73.0	8.5	81.5	192.7	29.4	222.1	4.9	365.0
2016	2015	53.7	2.8	56.5	74.6	9.6	84.2	197.3	30.4	227.7	4.9	373.3
2017	2016	57.4	2.8	60.2	74.6	12.7	87.3	197.5	31.5	229.0	4.9	381.4
2018	2017	58.1	2.8	60.9	75.6	12.7	88.3	197.5	32.0	229.5	4.9	383.6
2019	2018	58.1	2.8	60.9	77.3	12.7	90.0	201.7	31.5	233.2	0.0	384.1
2020	2019	59.1	2.7	61.8	78.2	12.5	90.7	206.6	31.2	237.8	9.7	400.0
2021	2020	59.1	4.0	63.1	79.6	14.9	94.5	206.6	32.0	238.6	4.9	401.1

Source: Florence County Auditor's Office

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

Table 10

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

Taxpayer	2021			2012		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value ⁽¹⁾	Value		Value ⁽²⁾
Duke Energy Progress	\$ 4,552,230	1	2.48%			
McLeod Regional Medical Center	2,571,160	2	1.40	2,974,510	4	1.86
Raldex, Inc	2,135,180	3	1.16	1,635,260	7	1.03
CSX Transportation	1,742,399	4	0.95	873,856	10	0.55
Magnolia, LLC	1,699,790	5	0.92	3,227,920	2	2.02
Wal-Mart	1,460,560	6	0.79	1,675,710	6	1.05
HCP Medical Offices	1,285,060	7	0.70			
Florence Mall	1,217,590	8	0.66			
Dominion Energy	1,012,920	9	0.55			
Holcombe Land Development	826,780	10	0.45	1,289,900	8	0.81
QHC of SC				8,908,680	1	5.59
Carolina Power & Light				3,121,870	3	1.96
BellSouth Telecommunications				1,930,280	5	1.21
Edens & Avant Fin. Ltd. Partnership				1,066,770	9	0.67
Totals			10.06%			16.75%

Source: Florence County

(1) Total Assessed Value for 2021 was \$183,921,996

(2) Total Assessed Value for 2012 was \$159,507,220

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>
2012	2011	\$ 9,044,059	\$ 8,846,137	97.8%	\$ 118,207	\$ 8,964,344	99.1%
2013	2012	9,002,920	8,831,673	98.1	57,803	8,889,476	98.7
2014	2013	9,077,725	8,950,117	98.6	61,187	9,011,304	99.3
2015	2014	9,289,810	9,077,292	97.7	60,072	9,137,364	98.4
2016	2015	9,631,656	9,385,169	97.4	71,987	9,457,156	98.2
2017	2016	10,329,938	9,998,304	96.8	114,672	10,112,976	97.9
2018	2017	10,537,302	10,109,320	95.9	87,986	10,197,306	96.8
2019	2018	10,743,520	10,299,117	95.9	61,853	10,360,970	96.4
2020	2019	10,882,253	10,460,787	96.1	62,063	10,522,850	96.7
2021	2020	11,605,478	11,108,157	95.7	-	11,108,157	95.7

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			
2012	\$ 5,092,905	\$ -	\$ 1,416,062	\$ 8,265,421	\$ 105,252,219	\$ 28,815,589	\$ 148,842,196	2.10%	\$3,938
2013	4,828,098	-	1,272,204	13,520,649	102,209,789	28,420,215	150,250,955	2.10	3,978
2014	4,550,124	23,734,000	675,000	6,690,939	105,069,530	35,715,144	176,434,737	2.42	4,648
2015	4,258,515	23,014,000	610,000	6,568,705	101,713,084	40,347,292	176,511,596	2.35	4,658
2016	10,702,785	22,278,000	545,000	7,705,888	100,841,803	35,559,195	177,632,671	2.32	4,702
2017	8,382,433	44,142,000	480,000	6,905,930	98,033,635	33,785,520	191,729,518	2.40	5,075
2018	6,046,942	58,333,000	415,000	6,081,902	94,944,511	39,694,619	205,515,974	2.48	5,386
2019	10,795,778	56,682,000	350,000	5,475,146	91,671,772	36,923,800	201,898,496	2.32	5,188
2020	9,943,388	54,967,000	285,000	5,093,512	112,911,645	19,317,822	202,518,367	*	5,076
2021	8,487,000	79,623,483	220,000	4,759,539	106,955,213	18,264,361	218,309,596	*	5,418

(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>
2012	37,801	\$ 159,507,220	\$ 5,092,905	\$ 431,975	\$ 4,660,930	2.92%	\$ 123
2013	37,774	159,781,653	4,828,098	475,412	4,352,686	2.72	115
2014	37,963	160,100,962	4,550,124	521,650	4,028,474	2.52	106
2015	37,894	164,411,409 ⁽²⁾	4,258,515	545,841	3,712,674	2.26	98
2016	37,780	170,471,781	10,702,785	579,706	10,123,079	5.94	268
2017	37,778	171,593,661	8,382,433	603,908	7,778,525	4.53	206
2018	38,155	173,026,301	6,046,942	744,853	5,302,089	3.06	139
2019	38,918	176,442,695	10,795,778	783,344	10,012,434	5.67	257
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

(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, 2021**

<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	\$ 216,666,016	100.00%	\$ 216,666,016
Overlapping:⁽²⁾			
Florence County	249,710,209	35.00%	87,398,573
Florence School District 1	<u>34,935,000</u>	69.26%	<u>24,195,981</u>
Total Overlapping Debt	\$ 284,645,209		\$ 111,594,554
Total Direct & Overlapping Debt	<u>\$ 501,311,225</u>		<u>\$ 328,260,570</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$12,760,578	\$12,702,532	\$12,808,077	\$13,153,714	\$13,637,742	\$13,727,493	\$13,842,104	\$14,115,416	\$14,087,059	\$14,713,760
Total net debt applicable to limit	<u>4,660,930</u>	<u>4,352,686</u>	<u>4,028,474</u>	<u>3,712,674</u>	<u>10,123,079</u>	<u>7,778,525</u>	<u>5,302,089</u>	<u>10,012,434</u>	<u>9,177,091</u>	<u>7,527,233</u>
Legal Debt Margin	<u>\$8,099,648</u>	<u>\$8,349,846</u>	<u>\$8,779,603</u>	<u>\$9,441,040</u>	<u>\$3,514,663</u>	<u>\$5,948,968</u>	<u>\$8,540,015</u>	<u>\$4,102,982</u>	<u>\$4,909,968</u>	<u>\$7,186,527</u>
Total net debt applicable to the limit as a percentage of debt limit	36.53%	34.27%	31.45%	28.23%	74.23%	56.66%	38.30%	70.93%	65.15%	51.16%

Legal Debt Margin Calculation for Fiscal Year 2021

Taxable Assessed Value - 2021	\$183,921,996
Add back: exempt real property	
Total Assessed Value	<u>\$183,921,996</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$14,713,760
Debt applicable to limit:	
Total Bonded Debt	\$8,487,000
Less Amounts Available in Debt Service Fund	(959,767)
Less Deductions Allowed by Law	
Total Net Debt Applicable to Limit	<u>7,527,233</u>
Legal Debt Margin	<u>\$7,186,527</u>

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	
2012	\$ 31,924,606	\$ 12,279,922	\$ 19,644,684	\$ 3,879,607	\$ 6,082,235	\$ 9,961,842	1.97
2013	32,422,779	12,983,988	19,438,791	3,822,469	6,136,072	9,958,541	1.95
2014	33,472,326	13,783,991	19,688,335	4,131,881	5,639,266	9,771,147	2.01
2015	34,957,530	14,353,564	20,603,966	4,800,775	5,819,375	10,620,150	1.94
2016	35,931,291	14,153,794	21,777,497	5,124,838	5,729,248	10,854,086	2.01
2017	37,740,275	15,387,905	22,352,370	4,139,531	5,620,848	9,760,379	2.29
2018	37,472,909	16,427,897	21,045,012	4,383,802	5,358,549	9,742,351	2.16
2019	40,164,456	18,045,007	22,119,449	4,673,239	5,295,940	9,969,179	2.22
2020	39,842,147	19,535,689	20,306,458	3,423,417	5,381,508	8,804,925	2.31
2021	42,603,619	18,486,474	24,117,145	5,819,241	3,002,796	8,822,037	2.73

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

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

(4) Does not include debt service requirements for bonds secured by a junior lien on System Revenues. Total debt service on such junior lien bonds in Fiscal Year 2020-21 was \$ 1,735,614

**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⁾
2012	37,801	\$7,099	\$33,749	16,176	10.2%
2013	37,774	7,146	34,320	16,305	9.9
2014	37,963	7,292	34,864	16,579	7.4
2015	37,894	7,526	36,471	16,694	7.5
2016	37,780	7,654	37,158	15,846	5.4
2017	37,778	8,005	38,892	16,304	4.5
2018	38,155	8,286	40,413	16,500	3.1
2019	38,918	8,696	42,439	15,906	3.6
2020	39,899	*	*	15,583	8.8
2021	40,297	*	*	15,341	4.3

* Information not yet available

(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) 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.

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

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽¹⁾</u>
McLeod Regional Medical Center	6,175	1	31.0%	6,000	1	30.2%
Florence School District One	2,249	2	11.3	2,174	2	11.8
MUSC Health	1,468	3	7.4			
The Assurant Group	1,400	4	7.0	1,000	4	5.4
Olsten Staffing Service	1,400	5	7.0			
Administrators/TRICARE (BCBS)	1,070	6	5.4	967	5	5.2
Florence County	804	7	4.0	890	6	4.8
Nightingales Nursing Care	650	8	3.3			
Hope Health	600	9	3.0			
Wal-Mart	598	10	3.0	715	7	3.9
City of Florence				534	8	2.9
Florence Co. Disabilities & Spec. Needs				330	9	1.8
Carolinas Hospital System				1,783	3	9.7
SC DHEC				327	10	1.8
Totals			<u>82.5%</u>			<u>77.5%</u>

(1) Total employment for June 2021: 19,898

(2) Total employment for June 2012: 18,456

Table 19

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

Customer	Type of Business	2021			2012		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Medical Center	Medical Services	1	\$ 332,692	1.80%	1	\$ 214,733	1.51%
Francis Marion University	University	2	211,396	1.14	2	154,423	1.09
Johnson Controls	Manufacturing	3	210,893	1.14	3	130,070	0.92
Ruiz Foods	Manufacturing	4	210,263	1.14			
Niagara	Manufacturing	5	176,273	0.95			
Florence School District 1	Public School	6	157,892	0.85			
Thermo Fisher Scientific	Manufacturing	7	149,621	0.81			
Florence County	County Government	8	142,931	0.77			
Honda	Manufacturing	9	92,772	0.50			
Florence County Housing Auth.	Housing	10	89,328	0.48			
Forest Lake Apartments	Apartments				8	56,579	0.40
Roche Carolina	Manufacturing				4	86,914	0.61
Heinz	Manufacturing				5	71,645	0.50
Rental Uniform	Industrial				6	61,800	0.44
Carolinas Hospital System	Medical Services				7	59,141	0.42
McCall Farms	Manufacturing				9	49,503	0.35
International Food House	Manufacturing				10	46,184	0.33
TOTALS			<u>\$1,774,061</u>	<u>9.58%</u>		<u>\$930,992</u>	<u>6.56%</u>
2021 Total Billed Revenue:	\$18,512,816						
2012 Total Billed Revenue:	\$14,189,105						

Table 20

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

Customer	Type of Business	2021			2012		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Ruiz Foods	Manufacturing	1	\$396,913	1.91%			
McLeod Regional Hospital	Medical Services	2	349,789	1.68	3	\$223,938	1.51%
Francis Marion University	University	3	337,314	1.62	2	227,147	1.53
Northeast Landfill	Industrial	4	272,953	1.31			
Koppers	Manufacturing	5	243,144	1.17	1	244,068	1.65
Florence School District 1	Public School	6	210,990	1.02			
Johnson Controls	Manufacturing	7	207,098	1.00			
Darlington County Water & Sewer	Government	8	197,064	0.95	5	142,105	0.96
Florence County Housing Auth.	Housing	9	143,392	0.69			
Florence County	Government	10	134,941	0.65			
ESAB	Manufacturing				6	131,218	0.89
Lee County Landfill	Industrial				4	152,293	1.03
Rental Uniforms	Industrial				7	113,244	0.77
Roche Carolina	Manufacturing				8	108,741	0.73
Heinz	Manufacturing				9	101,741	0.69
Carolinas Hospital System	Medical Services				10	88,911	0.60
TOTALS			<u>\$2,493,598</u>	<u>12.01%</u>		<u>\$1,533,406</u>	<u>10.36%</u>

2021 Total Billed Revenues: \$20,760,388

2012 Total Billed Revenues: \$14,799,979

Table 21

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

	Fiscal Year									
	2012	2013	2014 ⁽¹⁾	2015	2016	2017	2018 ⁽²⁾	2019	2020	2021
Water Customers:										
Residential	27,561	27,760	28,740	28,920	29,088	29,064	28,321	28,833	29,405	29,916
Commercial	3,006	3,027	3,139	3,136	3,149	3,289	3,540	3,567	3,616	3,644
Industrial	2	2	2	2	2	2	2	0	0	0
Total	30,569	30,789	31,881	32,058	32,239	32,355	31,863	32,400	33,021	33,560
Sewer Customers:										
Residential	17,517	17,689	18,648	18,808	18,991	18,976	18,368	18,877	19,351	19,764
Commercial	2,263	2,275	2,368	2,348	2,360	2,466	2,390	2,399	2,440	2,462
Industrial	4	4	4	4	2	2	2	1	1	1
Total	19,784	19,968	21,020	21,160	21,353	21,444	20,760	21,277	21,792	22,227

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

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

Table 22

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 12.25	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75	\$ 14.00	\$ 14.25	\$ 14.40
1"	26.05	26.60	27.15	37.70	28.25	28.80	29.35	29.90	30.45	30.75
1 1/4"	37.55	38.35	39.15	39.95	40.75	41.55	42.35	43.15	43.95	44.38
1 1/2"	49.05	50.10	51.15	52.20	53.25	54.30	55.35	56.40	57.45	58.00
2"	76.65	78.30	79.95	81.60	83.25	84.90	86.55	88.20	89.85	90.70
3"	150.25	153.50	156.75	159.90	163.25	166.50	169.75	169.80	176.25	177.90
4"	233.05	238.10	243.15	248.20	253.25	258.30	263.35	268.40	273.45	276.00
6"	463.05	470.10	480.15	493.20	503.25	513.30	523.35	533.40	543.45	548.50
8"	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50
Volume Rate (per 1,000 gallons)	1.79	1.83	1.87	1.91	1.95	1.99	2.03	2.07	2.11	2.13
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	17.77	18.14	18.51	18.88	19.25	19.62	19.99	20.36	20.73	20.94
1"	39.85	40.70	41.55	42.40	43.25	44.10	64.94	45.80	46.65	47.10
1 1/4"	58.25	59.50	60.75	62.00	63.25	64.50	86.55	67.00	68.25	68.91
1 1/2"	76.65	78.30	79.95	81.60	83.25	84.90	136.47	88.20	89.85	90.70
2"	120.81	123.42	126.03	128.64	131.25	133.86	136.47	139.08	141.69	143.02
3"	238.57	243.74	248.91	254.08	259.25	264.42	269.59	276.76	279.93	282.54
4"	371.05	379.10	387.15	395.20	403.25	411.30	419.35	427.40	435.45	439.50
6"	739.05	755.10	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50
8"	1,180.65	1,206.30	1,231.95	1,257.60	1,283.25	1,308.90	1,334.55	1,360.20	1,385.85	1,398.70
Volume Rate (per 1,000 gallons)	2.86	2.93	2.99	3.06	3.12	3.18	3.25	3.31	3.45	3.41

(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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 21.20	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30	\$ 26.05	\$ 56.80	\$ 27.05
1"	48.20	50.68	51.15	52.63	54.23	55.83	57.55	59.28	61.00	61.55
1 1/4"	70.70	72.86	75.03	77.19	79.54	81.89	141.98	86.96	89.50	90.30
1 1/2"	93.20	96.05	98.90	101.75	104.85	107.95	111.30	114.65	118.00	119.05
2"	147.20	151.70	156.20	167.70	165.60	170.50	175.80	181.10	186.40	188.05
3"	291.20	300.10	309.00	317.90	327.60	337.30	347.80	358.30	368.80	372.05
4"	453.20	467.05	480.90	494.75	509.85	524.95	541.30	557.65	574.00	579.05
6"	903.20	930.80	958.40	986.00	1,016.10	1,046.20	1,078.80	1,111.40	1,144.00	1,154.05
8"	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	11,844.05
Volume Rate (per 1,000 gallons)	2.55	2.63	2.71	2.79	2.87	2.96	3.05	3.14	3.23	3.26
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	32.00	32.98	33.96	34.94	36.00	37.06	38.20	39.34	40.48	40.84
1"	75.20	77.51	79.80	82.11	84.61	87.11	89.80	92.51	95.20	96.05
1 1/4"	111.20	114.60	118.01	121.40	125.10	128.80	132.81	136.80	140.80	142.05
1 1/2"	147.20	151.70	156.20	160.70	165.60	170.50	175.80	181.10	186.40	188.05
2"	233.60	240.74	247.88	255.02	262.60	270.58	279.00	287.42	295.84	298.45
3"	464.00	478.18	492.36	506.54	522.00	537.46	554.20	570.94	587.68	592.85
4"	723.20	745.30	767.40	789.50	813.60	837.70	863.80	889.90	916.00	924.05
6"	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	1,844.05
8"	2,307.20	2,448.10	2,448.20	2,518.70	2,595.60	2,672.50	2,755.80	2,839.10	2,922.40	2,948.05
Volume Rate (per 1,000 gallons)	3.97	4.08	4.21	4.34	4.46	4.59	4.88	5.02	5.17	5.22

(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⁾									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government Admin.	14	12	12	11	11	11	12	13	12	14
Finance Department	10	9	9	9	9	9	9	9	9	9
Personnel Department	6	6	5	6	6	6	6	6	6	6
Community Services Department	8	8	8	5	5	5	6	6	6	6
Public Safety										
Police	153	154	146	150	149	149	137	137	137	132
Fire	85	85	86	85	85	85	86	85	85	91
Total Public Safety	238	239	232	235	234	234	223	222	222	223
Public Works Department										
Streets and Beautification	30	36	50	50	50	50	51	53	52	51
Sanitation	27	27	27	27	27	27	26	26	28	28
Equipment Maintenance	7	7	7	7	7	7	7	7	7	7
Total Public Works	64	70	84	84	84	84	84	86	87	86
Parks and Recreation	41	41	26	26	27	27	32	30	32	33
Urban Planning & Development	7	5	4	4	4	4	5	4	5	5
Buildings Inspections & Permits ⁽²⁾	0	0	0	0	0	0	5	5	5	5
Water and Sewer	120	122	118	120	121	127	128	132	139	139
Storm water	9	9	8	8	8	8	8	8	8	8
Total Employees	517	521	506	508	509	515	518	521	531	534

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical Arrests	2,965	3,570	3,386	3,009	4,448	3,566	3,847	2,190	2,995	2,055
Traffic Violations	7,728	7,923	6,693	9,758	7,454	9,578	9,181	6,497	5,004	5,276
Parking Violations	514	430	355	148	355	292	218	124	108	384
Fire										
Calls Answered	2,492	2,557	2,520	2,923	3,131	3,215	3,279	4,346	4,660	4,261
Inspections	1,992	1,735	1,744	1,341	1,595	1,281	1,462	2,845	3,916	2,730
Water System										
Service Connections ⁽¹⁾	30,546	30,789	31,949	32,179	32,239	32,355	31,861	32,319	33,021	33,560
Average daily production (in millions of gallons)	13.00	12.17	12.65	13.62	12.50	13.20	13.20	13.20	13.20	13.20
Maximum daily capacity (in millions of gallons)	26.00	25.60	26.46	26.46	26.46	26.50	26.50	26.50	26.50	26.50
Wastewater System										
Service connections ⁽¹⁾	19,780	19,954	21,070	21,259	21,353	21,444	20,758	21,197	21,792	22,227
Average daily treatment (in millions of gallons)	8.50	8.63	12.21	11.14	11.27	12.06	12.06	12.06	12.06	12.06
Maximum daily capacity (in millions of gallons)	18.00	18.00	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	2	2	2	2	2	2	2
Resource Centers	5	6	4	3	4	4	3	3	0	0
Patrol units	159	165	168	164	159	159	158	133	157	130
Fire Stations	5	5	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (in miles)	97	99	103	103	103	112	114	114	115	117
Streetlights (Leased)	6,722	6,722	6,756	6,996	7,121	7,389	7,490	7,632	7,721	7,721
Culture and Recreation										
Community centers	6	4	5	5	5	5	5	5	6	6
Parks	19	18	18	18	19	19	19	19	19	19
Park acreage	660	655	655	655	669	669	706	706	706	706
Tennis courts	50	49	50	50	50	50	50	50	50	51
Water System										
Water mains (in miles)	733	748	796	806	841	843	844	849	850	852
Fire hydrants	2,259	2,317	2,547	2,577	2,666	2,733	2,750	2,780	2,787	2,800
Wastewater System										
Sanitary sewers (in miles)	456	462	507	507	507	507	508	508	509	512
Treatment plants	1	1	2	2	2	2	2	2	2	2
Storm water System										
Storm sewers (in miles)	76	76	76	76	77	77	77	95	96	97

Source: Various City departments.

CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
June 30, 2021

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Equivalent Positions	478
Area in square miles	30.00
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	553
Number of secondary schools	8
Number of secondary school instructors	640
Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	953
Other data	
Business Licenses issued for fiscal year 2020-21	4,679
New Business Licenses issued for fiscal year 2020-21	1,214
Business License Receipts	\$ 10,573,207
Percent change in Business License receipts from prior year	6.16%
Franchise Fee Receipts	\$ 4,058,718
Percent change in Franchise Fee receipts from prior year	-2.36%
Population (estimated population)	39,899
City of Florence gross retail sales for calendar year 2020.	\$ 3,381,685,127
Per Capita spending for calendar year 2020	\$ 84,756
Outstanding General Obligation Debt	\$ 8,487,000
Outstanding Revenue Debt	\$ 203,419,476
City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
Residential construction permits issued	1,389
Construction value	\$ 53,402,453
Commercial construction permits issued	290
Construction value	\$ 37,495,403

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

We have audited City of Florence, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Florence, South Carolina's major federal programs for the year ended June 30, 2021. City of Florence, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Florence, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Florence, South Carolina

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Passed through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs				
Community Development Block Grants	14.218	N/A	\$ 15,000	\$ 587,126
Total Direct Department of Housing and Urban Development			<u>15,000</u>	<u>587,126</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	24,671
Neighborhood Stabilization Program	14.228	11-NSP-116	-	<u>52,212</u>
Subtotal CFDA 14.228			<u>-</u>	<u>76,883</u>
Total Department of Housing and Urban Development			<u>15,000</u>	<u>664,009</u>
U.S. Department of Justice				
Direct Programs				
Bulletproof Vest Partnership Program	16.607	N/A	-	9,949
Total Department of Justice			<u>-</u>	<u>9,949</u>
U.S. Department of Agriculture Rural Development				
Direct Program				
Emergency Community Water Assistance Grant	10.763	N/A	-	31,966
Total Department of Agriculture			<u>-</u>	<u>31,966</u>
Total Expenditures of Federal Awards			<u>\$ 15,000</u>	<u>\$ 705,924</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, 2021

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, 2021, 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	\$ 4,809,689
Total Environmental Protection Agency		<u>4,809,689</u>
Total Loans Outstanding		<u>\$ 4,809,689</u>

3. Subrecipients

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

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants	\$ 15,000

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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: Capitalization Grants for Clean Water State Revolving Funds - CFDA No. 66.458 and Community Development Block Grant - CFDA No. 14.218.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Florence, South Carolina was determined to be a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

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

None

City of Florence, South Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

None

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 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, 2021, 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 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina