

CITY OF FLORENCE, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023



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, 2023

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents.....	Page 4
Letter of Transmittal	8
GFOA Certificate of Achievement	16
Organizational Chart	17
List of Principal Officials	18

FINANCIAL SECTION

Independent Auditor's Report.....	20
Management's Discussion and Analysis	23

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position.....	35
Statement of Activities.....	36

Fund Financial Statements

Balance Sheet--Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balance-- Budget and Actual--General Fund.....	42
Statement of Revenues, Expenditures, and Changes in Fund Balance-- Budget and Actual--Hospitality Fund.....	43
Statement of Net Position--Proprietary Funds.....	44
Statement of Revenues, Expenses, and Changes in Fund Net Position-- Proprietary Funds.....	45
Statement of Cash Flows--Proprietary Funds	46

BASIC FINANCIAL STATEMENTS--Continued

Fund Financial Statements--Continued

Statement of Fiduciary Net Position--Fiduciary Funds 48

Statement of Changes in Fiduciary Net Position--Fiduciary Funds 49

Notes to Financial Statements 50

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the City of Florence’s Proportionate Share of the Net Pension Liability
South Carolina Retirement System 92

Schedule of the City of Florence’s Contributions - South Carolina Retirement System 93

Schedule of the City of Florence’s Proportionate Share of the Net Pension Liability
South Carolina Police Officers Retirement System 94

Schedule of the City of Florence’s Contributions - South Carolina Police Officers Retirement System 95

Pension Plan Supplementary Information Note..... 96

Schedule of Changes in the Net OPEB Liability and Related Ratios 97

Schedule of Employer Contributions - OPEB 98

OPEB Supplementary Information Note..... 99

OTHER FINANCIAL INFORMATION

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet--Nonmajor Governmental Funds..... 104

Combining Statement of Revenues, Expenditures and Changes in Fund Balances--
Nonmajor Governmental Funds 110

Schedule of Revenues, Expenses and Changes in Fund Net Position--
Budget and Actual--Proprietary Funds--Water and Sewer Fund 118

Schedule of Revenues, Expenses and Changes in Fund Net Position--
Budget and Actual--Proprietary Funds--Storm Water Utility Fund..... 119

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position 121

Combining Statement of Changes in Fiduciary Net Position 122

DISCRETELY PRESENTED COMPONENT UNIT

Balance Sheet – Florence Neighborworks Community Development Corporation 124

Schedule of Revenues, Expenditures and Changes in Fund Balance--
Florence Neighborworks Community Development Corporation..... 125

SUPPLEMENTAL SCHEDULES

Schedule of Revenues, Expenditures and Changes in Fund Balance--
 Budget and Actual--General Fund..... 128

Schedule of Revenues, Expenses and Changes in Net Position--
 Budget and Actual--Proprietary Fund--Water and Sewer Fund..... 144

Schedule of Revenues, Expenses and Changes in Net Position--
 Budget and Actual--Proprietary Fund—Storm water Utility Fund 152

Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 154

STATISTICAL SECTION

Financial Trends

Net Position By Component 158

Changes in Net Position..... 159

Governmental Activities Tax and Fee Revenues By Source – Accrual Basis 161

Fund Balances of Governmental Funds 162

Changes in Fund Balance of Governmental Funds..... 163

Changes in Net Position of Enterprise Funds..... 164

Governmental Activities Tax and Fee Revenues By Source – Modified Accrual Basis 165

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property 166

Direct and Overlapping Governments 167

Principal Property Taxpayers 168

Property Tax Levies and Collections 169

Debt Capacity

Ratios of Outstanding Debt By Type 170

Ratios of General Bonded Debt Outstanding 171

Direct and Overlapping Governmental Activities Debt..... 172

Legal Debt Margin Information 173

Revenue Bond Coverage—Combined Water and Sewer Utility System Bonds..... 174

Demographic Economic Information

Demographic and Economic Statistics 175

Principal Employers in the City of Florence..... 176

STATISTICAL SECTION - - Continued

Principal Water Users in Service Area 177

Principal Sewer Users in Service Area..... 178

Number of Utility Active Customers --By Service and Category..... 179

Operating Information

Water Rates 180

Sewer Rates..... 181

Full-Time Equivalent City Government Employees By Function 182

Operating Indicators By Function 183

Capital Asset Statistics By Function 184

Miscellaneous Statistics 185

UNIFORM GUIDANCE

Independent Auditor’s Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance 187

Schedule of Expenditures of Federal Awards 189

Schedule of Findings and Questioned Costs 191

Summary Schedule of Prior Audit Findings..... 192

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*..... 193



November 27, 2023

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, 2023.

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, 2023 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, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

The City, chartered in 1890, is in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of seven counties that comprise what is commonly referred to as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 27 square miles and serves a population of approximately 40,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager by the spring of each year. The City Manager uses these requests to develop a proposed budget. The City Manager then presents this proposed budget to the Council for review. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level. Budget appropriations may be amended by council as necessary during the fiscal year. Budget-to-actual comparisons are provided in this financial report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 42 as part of the basic financial statements for the governmental funds.

Local Economy

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

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

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

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

The Florence Center, a joint capital venture between the City and County of Florence, opened in 1993. This multi-functional facility complements the recreational, cultural, and tourism related activities provided in Florence. The Florence Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor sporting events, concerts, circuses, rodeos, and a variety of other assorted shows. In 2018, a \$16 million, 28,000

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

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

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

Long-Term Financial Planning

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

In August 2023 City Council passed an ordinance amending the rates for Fiscal Years 2024, 2025, 2026, 2027, and 2028 to raise revenues to service the debt on 3 separate bond issues planned for September 2023, Fall of 2024, and Fall of 2026. These three bonds will fund the expansion of the City's capacity to treat and distribute water and collect and treat wastewater to meet the demands of the utility system's growing needs.

Relevant Financial Policies

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

Major Initiatives

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

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

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

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

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

In November 2020, the voters of Florence County approved a referendum for a one cent capital projects sales tax and the issuance of a general obligation bond in an amount not to exceed \$120,000,000. The annual debt service on this bond will be funded by the proceeds of the capital project sales tax.

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

The County began collecting the second Capital Project Sales Tax on May 1, 2021 and will continue to collect the tax until April 30, 2028. The City of Florence was allocated \$40,000,000 for the following projects within the city limits:

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

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

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

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

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

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

In March 2023 the City of Florence downtown was awarded the Great American Main Street Award for 2023. This prestigious award is the nation's top award recognizing communities for their excellence in comprehensive preservation-based commercial district revitalization. For decades, downtown Florence suffered from a negative public perception fueled by empty storefronts, racial divide, and a practice of demolishing neglected—yet culturally significant—buildings in favor of new construction; today, downtown Florence is once again a shining jewel where locals and visitors find exceptional local dining, award-winning entertainment venues, vibrant public art, and buildings rich in architectural heritage.

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

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

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

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

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

During the fiscal year ended June 30, 2023, only \$21,200 was expended on these projects and as of June 30, 2023, only \$758,800 in TIF bond funds remained to be expended.

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

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

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

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

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

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

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

In February 2019, design began on a \$19,400,000 sports complex, consisting of six youth baseball fields, a 400-meter running track with associated track and field equipment, and a 1,200-seat baseball stadium. Construction of this complex began in April 2021. This complex is being funded primarily by approximately \$7,700,000 from the 2017 IPRB, \$7,000,000 from the 2020 IPRB, and a \$2,875,000 lease issued in October 2021 primarily to fund the ballfield lights at the complex. The lease was issued for a period of ten years at an interest rate of 1.79%. As of June 30, 2023, approximately \$605,000 remained to be spent in the project budget.

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

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

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

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

As part of this process, the City 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. 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 was developed to feature a unique, newly constructed house that will enhance this North Florence neighborhood. The construction of the first three homes was completed in February 2018. The City completed construction of two additional homes in 2019 for a total of five homes.

In fiscal year 2006 the City developed the North Pointe subdivision consisting of 27 home sites near Williams Middle School. To date the City has constructed and sold 15 homes in the subdivision with the construction to continue in fiscal year 2024.

In June 2018, the City began site work for "Old Carver Station", a new neighborhood development that will consist of six homes in Northwest Florence. The City signed a development partnership agreement with a private investor to build the 6 homes in "Old Carver Station." The City will provide down-payment assistance for buyers of these homes. "Old Carver Station" is located at the corner of Sumter and Alexander streets, directly across from the new R. N. Beck Childhood Education Center. Two homes were constructed and sold in 2021, and additional constructions are planned for 2024.

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. Habitat completed one home on Vista Street in 2022 and is in the process of completing two other homes: one on Vista Street and one on Marion Street with anticipated closing dates in 2024.

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. Two homes were constructed in 2022. Two additional homes are under construction: one on Pine Street and one on Gaillard Street. Additional constructions are planned for 2024.

Fire stations – On September 9, 2020, the City issued \$6,267,000 in General Obligation Bonds. The bonds were issued for a term of 15 years, maturing on September 30, 2034, at an interest rate of 1.42%

The proceeds of these bonds were used to construct two new fire stations – Station No. 4 and Station No. 6 – and to purchase fire apparatus for Station No. 6. The property for the current Station No. 4 was sold to a local financial institution for this institution to expand its operations. This necessitated the relocation of Station No. 4. Station No. 6 is a new station which was constructed on the west side of the City in order to service the growth in that area of the City.

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, 2022. 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 2022 marks the twenty-fifth 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 D. Rawlinson
Chief Financial Officer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Florence
South Carolina**

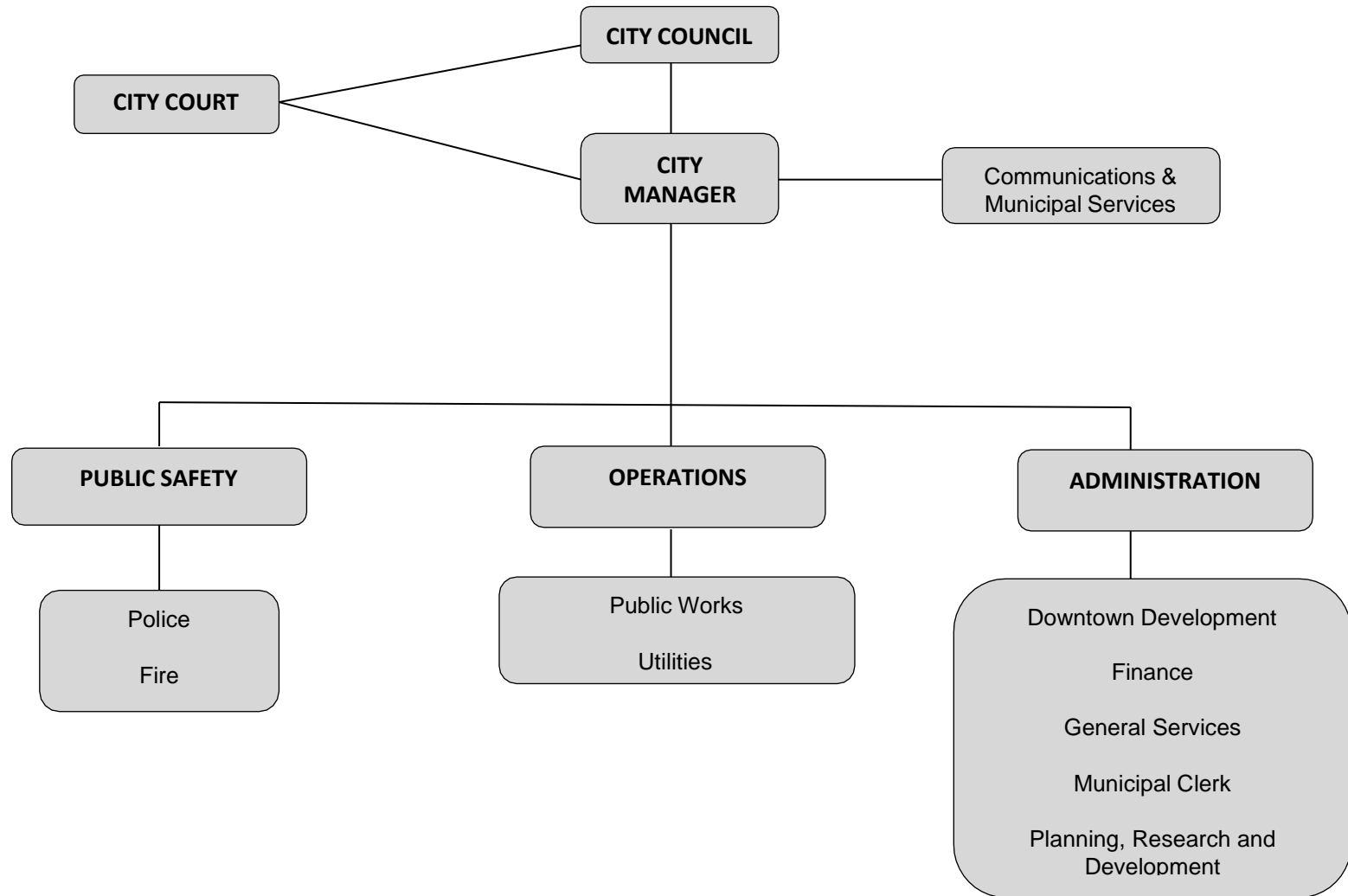
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF FLORENCE ORGANIZATIONAL CHART
FY 2022-23**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2023**

GOVERNING BODY

Teresa Myers Ervin, Mayor
George D. Jebaily, Mayor Pro Tempore
LaShonda NeSmith-Jackson
Lethonia Barnes
Chaquez T. McCall
Bryan A. Braddock
J. Lawrence Smith, II

ADMINISTRATION

Randall S. Osterman, City Manager
Scotty B. Davis, Deputy City Manager
James C. Moore, Assistant City Manager
Kevin D. Rawlinson, Chief Financial Officer
Jerry B. Dudley, Utility Operations
Allen L. Heidler, Police Chief
Michael D. Hemingway, Utility Planning & Economic Development
Jennifer L. Krawiec, Human Resources Director
Charles E. Pope, Jr., Public Works Director
K. Amanda Pope, Marketing/Communications & Municipal Services Director
Shannon Tanner, Fire Chief

FINANCIAL SECTION

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

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S.C. ASSOCIATION OF
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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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Florence, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, South Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments, and Surcharges on Page 154, 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 189, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, 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.



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, 2023. 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 \$204,528,180 (*net position*). Of this amount, \$7,369,219 (*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 \$14,623 during the fiscal year ended June 30, 2023, with a \$7,518,506 increase resulting from governmental activities and a \$7,503,883 decrease resulting from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$47,633,835, an increase of \$52,212 in comparison with the prior year. Approximately 44.6 percent of this total amount, \$21,234,879 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 \$21,234,879, or 43.3 percent of the total General Fund expenditures.
- The City had \$200.0 million in bonds and notes outstanding versus \$210.4 million last year, a decrease of \$10.4 million from the prior year.

Overview of the Financial Statements

This discussion and analysis are 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 City also includes one discretely presented component unit, the Florence Neighborworks Community Development Corporation (FNCDC). The FNCDC is responsible for promoting and developing planned redevelopment efforts of the Neighborhood Revitalization Strategy in order to increase the economic life growth and vitality of Florence. The FNCDC has a significant relationship with the City of Florence.

The government-wide financial statements can be found on pages 35-37 of this report.

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 44-47 of this report.

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

The basic fiduciary fund financial statements can be found on pages 48-49 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50-90 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 104-153 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 \$204,528,180 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (92.0% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net position, \$7,369,219, may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 63,908,823	\$ 61,908,166	\$ 55,796,132	\$ 70,817,165	\$ 119,704,955	\$ 132,725,331
Capital assets	126,156,854	121,229,741	237,555,665	236,993,498	363,712,519	358,223,239
Total assets	<u>190,065,677</u>	<u>183,137,907</u>	<u>293,351,797</u>	<u>307,810,663</u>	<u>483,417,474</u>	<u>490,948,570</u>
Deferred Outflows	8,496,868	7,844,300	2,428,007	2,275,567	10,924,875	10,119,867
Long-term liabilities	132,512,939	129,766,346	135,819,542	141,249,604	268,332,481	271,015,950
Other liabilities	16,545,773	14,564,068	2,781,293	3,298,031	19,327,066	17,862,099
Total liabilities	<u>149,058,712</u>	<u>144,330,414</u>	<u>138,600,835</u>	<u>144,547,635</u>	<u>287,659,547</u>	<u>288,878,049</u>
Deferred Inflows	1,671,874	7,304,816	482,748	2,071,111	2,154,622	9,375,927
Net Position:						
Net investment in capital assets	63,716,212	59,062,787	124,413,735	117,455,280	188,129,947	176,518,067
Restricted	4,497,369	3,617,271	4,531,645	4,429,017	9,029,014	8,046,288
Unrestricted	(20,381,622)	(23,333,081)	27,750,841	41,583,187	7,369,219	18,250,106
Total net position	<u>\$ 47,831,959</u>	<u>\$ 39,346,977</u>	<u>\$ 156,696,221</u>	<u>\$ 163,467,484</u>	<u>\$ 204,528,180</u>	<u>\$ 202,814,461</u>

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 20,874,203	\$ 18,794,231	\$ 43,259,264	\$ 42,633,111	\$ 64,133,467	\$ 61,427,342
Operating grants and contributions	3,484,566	4,427,069	-	-	3,484,566	4,427,069
Capital grants and contributions	898,045	-	2,810,558	-	3,708,603	-
General Revenues:						
Property taxes	12,168,471	12,429,234	-	-	12,168,471	12,429,234
Hospitality fees	5,888,694	5,351,385	-	-	5,888,694	5,351,385
Grants and contributions not restricted to specific programs	9,195,921	8,233,104	569,991	-	9,765,912	8,233,104
Other	3,583,996	9,169,442	2,557,518	855,132	6,141,514	10,024,574
Total Revenues	<u>56,093,896</u>	<u>58,404,465</u>	<u>49,197,331</u>	<u>43,488,243</u>	<u>105,291,227</u>	<u>101,892,708</u>

City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2023	2022	2023	2022	2023	2022
Expenses:						
General Government	11,070,235	12,934,543	-	-	11,070,235	12,934,543
Public Safety	19,129,166	17,557,569	-	-	19,129,166	17,557,569
Public Works	12,499,915	8,070,452	-	-	12,499,915	8,070,452
Culture and Recreation	6,015,554	3,669,105	-	-	6,015,554	3,669,105
Community Development	2,395,379	11,698,721	-	-	2,395,379	11,698,721
Interest on long-term debt	2,810,825	2,759,494	-	-	2,810,825	2,759,494
Water and Sewer	-	-	49,934,531	37,325,457	49,934,531	37,325,457
Stormwater	-	-	1,420,999	994,108	1,420,999	994,108
Total Expenses	<u>53,921,074</u>	<u>56,689,884</u>	<u>51,355,530</u>	<u>38,319,565</u>	<u>105,276,604</u>	<u>95,009,449</u>
Increase (decrease) in net position before transfers	2,172,822	1,714,581	(2,158,199)	5,168,678	14,623	6,883,259
Transfers	<u>5,345,684</u>	<u>(1,515,086)</u>	<u>(5,345,684)</u>	<u>1,515,086</u>	-	-
Increase (decrease) in net position	7,518,506	199,495	(7,503,883)	6,683,764	14,623	6,883,259
Net position - beginning, as restated	<u>40,313,453</u>	<u>39,147,482</u>	<u>164,200,104</u>	<u>156,783,720</u>	<u>204,513,557</u>	<u>195,931,202</u>
Net position - ending	<u>\$ 47,831,959</u>	<u>\$ 39,346,977</u>	<u>\$ 156,696,221</u>	<u>\$ 163,467,484</u>	<u>\$ 204,528,180</u>	<u>\$ 202,814,461</u>

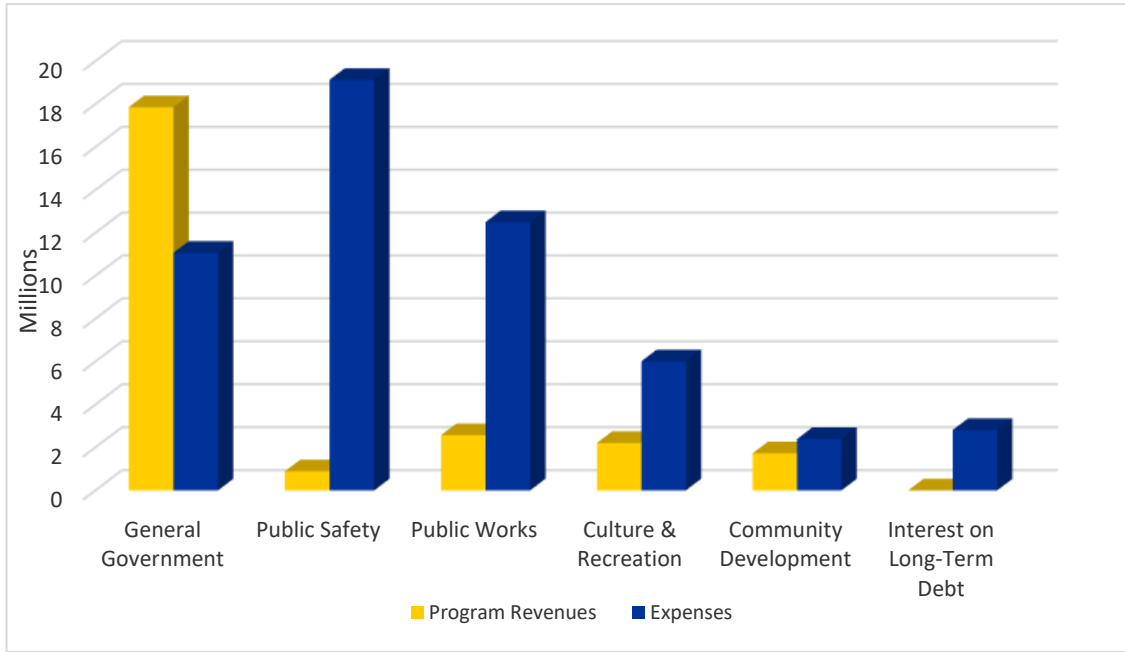
Governmental activities. Governmental activities increased the City's net position by \$7,518,506.

In November 2020, Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2021. The City was allocated \$40,000,000 for projects within the city limits. The revenues generated by "Capital Project Sales Tax III" program provided funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage system and/or bridges, and traffic flow improvements into and through Florence County. During the current fiscal year, Florence County reimbursed the City \$2,909,254 for capital sales tax projects that are currently under construction within the City.

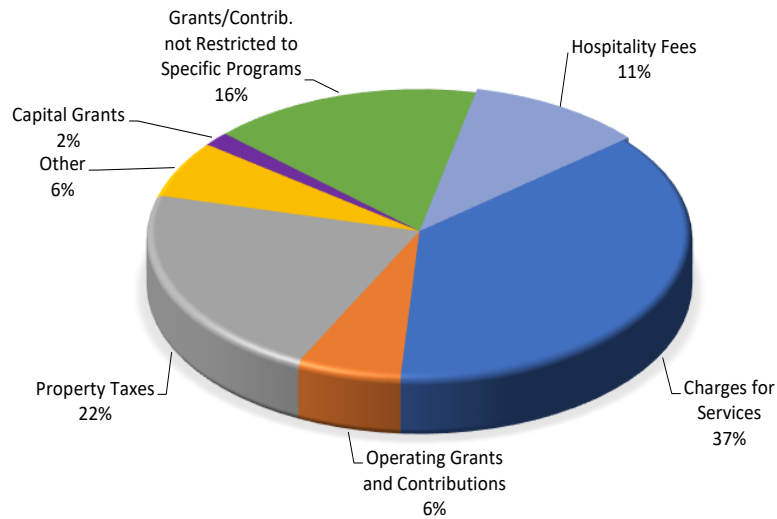
On November 15, 2017, the City closed on a \$15 million Installment Purchase Revenue Bond (IPRB), Series 2017, to finance certain recreation related improvements. The IPRB is a 15-year issue with an interest rate of 2.99% that will mature November 1, 2032. The recreation improvements include construction of miscellaneous deferred capital projects, the construction of a sports complex, construction of community centers, upgrades to the Freedom Florence complex, and construction of trail segments throughout the City. On September 9, 2020, the City, through the Public Facilities Corporation, issued \$26,365,000 Installment Purchase Revenue Bonds (IPRB). The bonds are being used to refund the 2017 Installment Purchase Bond, construct an Athletic Complex to include a collegiate level baseball stadium, refurbish an abandoned downtown theater, and construct a parking garage as part of an economic development project. The IPRB will mature in November 2045. During the current fiscal year, the City expended \$2,737,786 on the athletic complex, \$1,761,828 on the construction of a parking garage, and \$165,191 on other recreation improvements throughout the City. The City has spent \$24,166,869 to date on the projects.

On October 21, 2021, the City entered into an equipment lease purchase agreement in the amount of \$2,875,000. The equipment consists of all lighting equipment and associated collateral, bleachers, tractors, and other equipment for the City's new athletic sports complex. During the current fiscal year, the City expended \$131,694 on related equipment. The City has spent \$2,762,203 to date on the projects.

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities



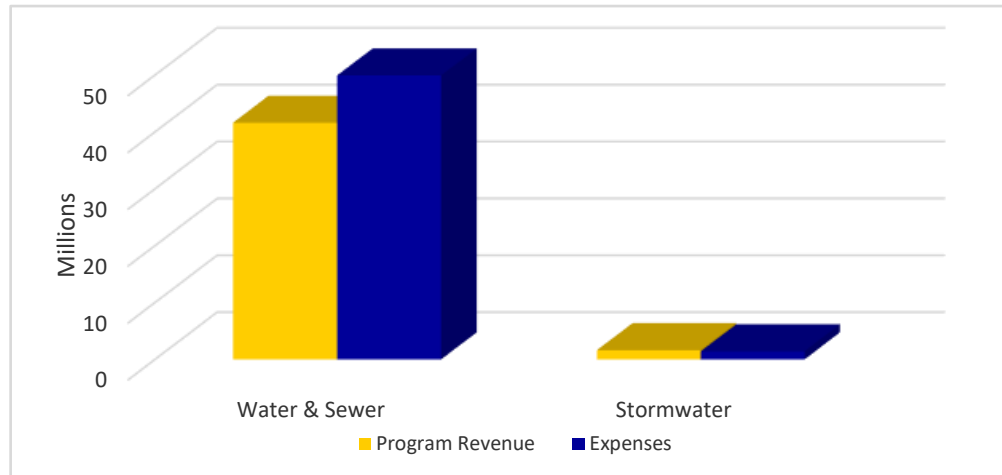
Business-type activities. Business-type activities decreased the City's net position by \$7,503,883. Key elements of this decrease are as follows:

Economic Development – In the fiscal year ended June 30, 2023, the City of Florence, along with Florence County, put together an incentive package for the recruitment of AESC, a leader in the development and manufacturing of high-performance batteries for electric vehicles and energy storage systems. The City of Florence committed up to \$20,000,000 to provide for land acquisition, streets, water, and wastewater services infrastructure. For the year ended June 30, 2023, the City has spent \$15.5 million in land purchases per the agreement.

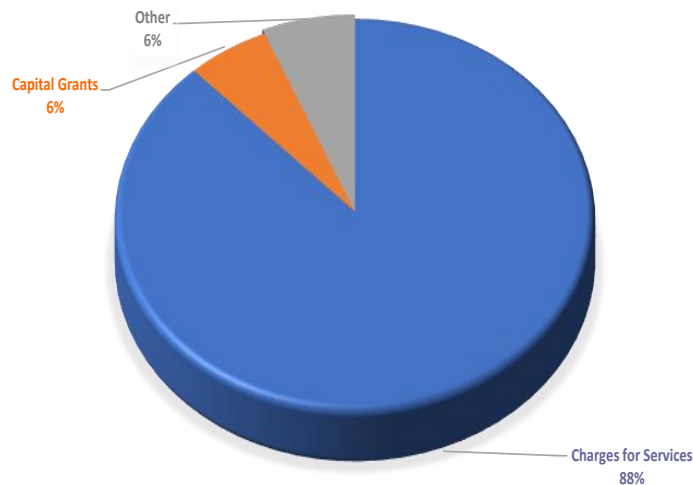
Capital Water and Sewer Projects – In the fiscal year ended June 30, 2023, the City spent \$6,337,470 for capital projects in the Water and Sewer Fund. The City also received infrastructure related capital contributions in the amount of \$1,933,264. During the year, the City capitalized 7 projects totaling \$6,831,526 that were previously recorded as Construction-in-Progress and completed this year.

Stormwater Projects – In July 2020, the City issued \$7 million in Storm Water Revenue Bonds to complete certain identified projects. The City has applied for grant funding to study the current and future storm water needs. During the year ending June 30, 2023, the City began preliminary engineering and design for related stormwater improvement projects. In this fiscal year ended June 30, 2023, the City spent \$1,161,862 for capital projects in the Stormwater Fund. The City also received infrastructure related capital contributions in the amount of \$1,082,094.

Expenses and Program Revenues – Business-type Activities



Revenue by Source – Business-type Activities



Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a City's net resources available for discretionary use as it represents the portion of fund balance that has not yet been limited to use by an external party or the City itself.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$47,633,835, an increase of \$52,212 in comparison with the prior year. Detailed information is presented later in the MD&A. Approximately 44.6 percent of this total amount or \$21,234,879 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: \$787,751; 2) restricted for particular purposes: \$22,030,485; 3) committed for particular purposes: \$743,175; or 4) assigned for particular purposes: \$2,837,545. Additional information on the City's fund balances can be found at Note IV.H.

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 \$21,234,879, while total fund balance was \$24,592,480. 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 43.3 percent of total General Fund expenditures, while total fund balance represents 50.1 percent of that same amount.

During the current fiscal year, the City's fund balance of the General Fund increased by \$3,262,344. This amount represents a 15.3% increase. The City continued to delay purchases until FY 2023-24 due to purchases that were not finalized at the end of FY2022-23 due to delays in shipping and delivery. There is 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 \$3,668,845, an increase of 42.7%. Hospitality Fund revenues increased \$537,309, or approximately 10% compared to prior year. This is due mainly to an increase in prepared food sales in the City limits as well as inflation, a national average of 8%, on those prepared food sales.

The City maintains a TIF Debt Service Fund to receive tax revenue generated by a Tax Increment Financing (TIF) district. These funds are generated from the difference between the current assessed value of each parcel of property within the district and the 2006 assessed value of each parcel. The increase in overall assessed value in the TIF district applied to the tax millage of all taxing entities in Florence County participating in and contributing to the TIF creates the tax revenue used to repay bonds issued to construct public purpose projects within the district. As of June 30, 2023, the TIF Debt Service Fund has an ending restricted fund balance of \$788,241.

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 \$965,196 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. During the current year ending June 30, 2023, the City of Florence Public Facilities Corporation transferred out \$6,520,071 to the General Fund for reimbursements related to the recreational projects. As of June 30, 2023, the City of Florence Public Facilities Corporation has an ending restricted fund balance of \$10,652,353.

The City received \$7,943,151 in federal grant funds from the American Rescue Plan Act (ARPA). During the current year, the City incurred expenditures and recognized revenues in the amount of \$818,019. The remaining funds of \$5,173,860 have been deferred at year end.

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

Unrestricted net position of the water and sewer operations and the storm water operations at the end of the fiscal year amounted to \$25,742,059 and \$2,008,782, respectively, for a total unrestricted net position of \$27,750,841. The total reduction in the net position was \$7,503,883. 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 \$3,770,154 greater than the original budget of \$44,910,000. City Council amended the General Fund budget three times during the fiscal year that ended June 30, 2023. The first amendment increases

From Unappropriated Reserve revenue by \$1,194,400 to fund “early purchases”, funds that were requested in the FY 2022-23 budget but paid from the FY 2021-22 increase in Fund Balance. The second amendment increased From Unappropriated Reserve revenues by \$2,565,754 for the re-appropriation of funds to fund projects and purchase equipment budgeted in FY 2021-22 but deferred until FY 2022-23. The third amendment was to appropriate additional funding and expenditures for money raised by the Eastern Carolina Community Foundation Naturally Outdoors Park Works Fund for the expansion of the High Hill Creek Bike/Run Park in the amount of \$10,000.

Original Budget vs Final Budget Variances

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Property Tax	\$ 12,098,600	\$ 11,780,600	\$ (318,000)	-2.63%
Licenses, Permits and Fees	15,216,200	16,031,200	815,000	5.36%
Governmental Reimbursements	5,997,000	6,385,661	388,661	6.48%
Permits and Fees	2,772,000	2,897,500	125,500	4.53%
Fines and Forfeitures	293,500	260,500	(33,000)	-11.24%
Interest Revenue	225,000	225,000	-	0.00%
Miscellaneous Revenue	565,000	343,425	(221,575)	-39.22%
Other Funding Sources	1,365,000	4,378,568	3,013,568	220.77%
Transfers	6,377,700	6,377,700	-	0.00%
	<u>\$ 44,910,000</u>	<u>\$ 48,680,154</u>	<u>\$ 3,770,154</u>	
Expenditures				
City Council	\$ 336,148	\$ 372,121	\$ 35,973	10.70%
Legal Services	160,633	163,616	2,983	1.86%
City Court	587,757	639,089	51,332	8.73%
City Manager	1,120,565	1,146,313	25,748	2.30%
Finance and Accounting	1,086,076	1,054,451	(31,625)	-2.91%
Human Resources	568,246	577,346	9,100	1.60%
Community Services	607,215	587,817	(19,398)	-3.19%
Police	10,638,813	10,480,465	(158,348)	-1.49%
Fire	7,479,710	7,590,751	111,041	1.48%
Beautification and Facilities	3,594,901	3,586,374	(8,527)	-0.24%
Sanitation	4,478,379	5,193,283	714,904	15.96%
Equipment Maintenance	630,253	658,653	28,400	4.51%
Recreation Services/Sports Tourism	1,398,092	1,440,712	42,620	3.05%
Athletic Programs	2,541,190	3,692,403	1,151,213	45.30%
Planning Research and Development	599,602	644,182	44,580	7.43%
Building Inspections and Permits	594,132	491,813	(102,319)	-17.22%
Debt Service	2,462,790	2,473,790	11,000	0.45%
Other Employee Benefits	748,300	748,300	-	0.00%
General Insurance/Claims	1,165,000	1,165,000	-	0.00%
Community Programs	396,000	396,000	-	0.00%
Non-Departmental	3,716,198	5,577,675	1,861,477	50.09%
	<u>\$ 44,910,000</u>	<u>\$ 48,680,154</u>	<u>\$ 3,770,154</u>	

Significant Variances – Budget to Actual

Listed below are the significant variances between the final revised budget and actual amount received/expended during FY 2022-23.

Property tax revenues were below budgeted revenues by \$305,231. This City over estimated Property tax credits expected from the Local Option Sales Tax revenues. Property tax credits were \$459,516 less than budgeted.

For FY 2022-23 Licenses and Fees revenues exceeded budget by \$740,765. This was primarily due to an increase in business and professional license revenues. Business and professional license revenues exceeded final budget by \$539,282 mainly due to an increase in business license collections and an increase in insurance license collections.

Charges for Services revenues exceeded budgeted amount by \$629,439. This was primarily due to a larger than expected increase in recreation fees. Recreation related revenues were \$457,657 higher than budgeted. This is primarily related to a return to pre-covid operations and the new facility improvements and additions.

Miscellaneous revenues exceeded budgeted amount by \$592,543. Of this amount, \$372,329 was related investment income. This was largely in part due to the rising interest rate hikes by the Federal Reserve during FY 2022-2023.

Planning Research and Development expenditures were under budget by \$223,517. \$167,590 of this amount was related to professional services for the development of the City's comprehensive plan, neighborhood plans and downtown master plan. The Fire department expenditures were \$107,791 less than budgeted for FY 2022-2023. Of this, \$81,129 was related to capital outlay projects that were budgeted and ordered but not received due to supply chain issues during the fiscal year. Beautification and Facilities expenditures were under budget by \$362,099. Approximately \$220,300 was related to capital outlay expenditures for vehicles that were ordered during FY 2022-2023 but not received at the end of the fiscal year. Recreation and Sports Tourism expenditures were under budget by \$348,951. Approximately \$160,086 was related to open positions for personnel, and approximately \$96,500 was for budgeted facility improvements at the Barnes Street location. Athletic Programs expenditures were under budget by \$1,153,598 for FY 2022-2023. Approximately \$948,000 was related to capital outlay projects for improvements to the sports complex and soccer complex. The most significant variances in the non-departmental expenditures were related to capital outlay for parks/facilities improvements and the construction of the new parking garage. These projects are being funded through the Installment Purchase Revenue Bond Capital Projects Fund as reimbursements to the General Fund. These capital outlay projects will be re-appropriated in future years.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
Revenues				
Property Taxes	\$ 11,780,600	\$ 11,475,369	\$ (305,231)	-2.59%
Licenses, Permits and Fees	16,031,200	16,771,965	740,765	4.62%
Charges for Services	2,897,500	3,526,939	629,439	21.72%
Miscellaneous	1,333,925	1,926,468	592,543	44.42%
Expenditures				
Planning Research and Development	\$ 644,182	\$ 420,665	\$ (223,517)	-34.70%
Fire Department	7,590,751	7,482,960	(107,791)	-1.42%
Beautification and Facilities	3,586,374	3,224,275	(362,099)	-10.10%
Sanitation	5,193,283	4,724,001	(469,282)	-9.04%
Recreation/Sports Tourism	1,440,712	1,091,761	(348,951)	-24.22%
Athletic Programs	3,646,973	2,493,375	(1,153,598)	-31.63%
Non-Departmental	6,669,405	10,203,275	3,533,870	52.99%

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, 2023, amounts to \$363,712,519 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, infrastructure and subscription assets. The total net increases in the City's investment in capital assets for the current fiscal year was \$5,489,280 (a 4.1 percent increase for governmental activities and an 0.24 percent increase for business-type activities).

The City routinely replaces aging vehicles to maintain a fleet of reliable, cost-efficient vehicles in service. In keeping with this practice, the City purchased a number of vehicles from the General Fund, Water and Sewer Utility Fund, and Storm Water Fund. Major vehicle additions are for the year ended June 30, 2023, included the following:

- 2 new Sanitation trucks for \$524,584
- 5 new vehicles for the police department for \$143,789
- 6 new vehicles for the water and sewer enterprise fund for \$193,900
- 2 new vehicles for the stormwater fund for \$120,678
- 1 new streetsweeper for the stormwater fund for \$299,965

Building and infrastructure related capital assets increased by approximately \$4,082,000 during the year ending June 30, 2023. These additions consisted mainly of streets, sidewalks, curbing, and additions/improvements to water and sewer lines in the Water and Sewer Enterprise fund.

Details of major construction related capital assets in progress or completed during the year ended June 30, 2023 included the following:

- 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

During the fiscal year ending June 30, 2023, the City expended \$567,966 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

During the fiscal year ending June 30, 2023, the City expended \$2,702,098 in Capital Sales Tax III funds.

- The City continued construction on the Urban Square parking garage. During the year ended June 30, 2023 the City spent \$1,761,828 on construction. The City has spent \$2,508,688 to date on this project.

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

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 18,692,113	\$ 18,620,598	\$ 1,670,030	\$ 1,670,030	\$ 20,362,143	\$ 20,290,628
Buildings and Systems	35,203,671	36,155,807	217,911,140	217,807,978	253,114,811	253,963,785
Infrastructure	39,841,826	37,392,113	-	-	39,841,826	37,392,113
Machinery and Equipment	8,937,503	9,122,341	10,993,719	8,730,458	19,931,222	17,852,799
Construction in Process	23,171,832	19,938,882	6,980,776	8,785,032	30,152,608	28,723,914
Subscription Asset	309,909	-	-	-	309,909	-
Totals	\$ 126,156,854	\$ 121,229,741	\$ 237,555,665	\$ 236,993,498	\$ 363,712,519	\$ 358,223,239

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 \$7,317,000 which is backed by the full faith and credit of the City, and other bonds outstanding of \$176,509,325, which are backed by specified revenue sources; the remaining \$22,745,858 of the Long-term Obligations comprises leases, subscription payable and notes payable.

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

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 7,317,000	\$ 7,906,000	\$ -	\$ -	\$ 7,317,000	\$ 7,906,000
Revenue Bonds	74,678,277	77,229,380	101,831,048	107,971,351	176,509,325	185,200,731
Notes Payable	90,000	155,000	16,086,393	17,155,629	16,176,393	17,310,629
Leases	4,613,201	5,157,293	1,728,310	1,880,836	6,341,511	7,038,129
Subscription payable	227,954	-	-	-	227,954	-
Totals	\$ 86,926,432	\$ 90,447,673	\$ 119,645,751	\$ 127,007,816	\$ 206,572,183	\$ 217,455,489

The City's total debt decreased by \$10,883,306 (5.00 percent) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$15,495,104 exceeds the City's outstanding general obligation debt (net of amount available in the debt service fund) of \$6,361,226 by \$9,133,878.

Additional information on the City's long-term debt can be found in note IV. E, F, and G beginning on page 68 of this report.

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2024 fiscal year.

The FY 2023-24 adopted budget for all funds is \$115,266,530, including a General Fund Budget of \$48,681,500. This represents an overall budgetary increase of 8.9%. Amounts available in FY 2023-24 for appropriation in the General Fund are for \$48,681,500, an increase of 0.01% from the FY 2022-23 final revised budget of \$48,680,154 and an increase of 8.4% from the FY2022-2023 original adopted budget. The City's budget amendments were reviewed earlier in this report.

In FY 2023-24 the City's operating millage increase 5 mills from 59.1 to 64.1 mills. The City's debt service mills had no change from the prior year. The total operating millage rate for FY 2023-24 will be 68.1.

Key components that factored into the preparation of next year's budget are listed below:

- Property tax revenues are expected to increase \$2,370,425 over the FY2022-23 budgeted amount.
- Licenses and permits are projected to increase \$754,000 over the FY2022-23 budgeted amount.
- 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. Water and sewer rates increases by 2% and 3%, respectively, in accordance with the ten-year rate study.
- Included in the FY 2023-24 budget is an 8% cost-of-living adjustment for all employees, to become effective January 1, 2024.
- To aid in balancing the General Fund budget, the City will continue mandatory hold requirements for replacement hiring up to 16 weeks.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Florence Neighborworks CDC
ASSETS				
Cash and cash equivalents	\$ 8,886,118	\$ 7,121,783	\$ 16,007,901	\$ 400,329
Receivables	7,443,984	6,771,368	14,215,352	-
Internal balances	(838)	838	-	-
Inventories	787,751	2,229,173	3,016,924	-
Investments	32,625,934	28,638,505	61,264,439	-
Prepaid expenses	-	1,000	1,000	-
Restricted cash and cash equivalents	11,205,021	6,694,813	17,899,834	-
Restricted investments	2,960,853	4,338,652	7,299,505	-
Capital assets not being depreciated:				
Land	18,692,113	1,670,030	20,362,143	-
Construction in progress	23,171,832	6,980,776	30,152,608	-
Capital assets net of accumulated depreciation/amortization:				
Buildings and systems	37,012,594	217,911,140	254,923,734	-
Machinery and equipment	7,128,580	10,993,719	18,122,299	-
Infrastructure	39,841,826	-	39,841,826	-
Subscription assets	309,909	-	309,909	-
TOTAL ASSETS	190,065,677	293,351,797	483,417,474	400,329
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension charges	6,727,638	1,776,288	8,503,926	-
Deferred OPEB charges	1,769,230	651,719	2,420,949	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,496,868	2,428,007	10,924,875	-
LIABILITIES				
Accounts payable	3,483,484	1,116,737	4,600,221	-
Retainage payable	124,406	271,174	395,580	-
Accrued interest payable	365,541	1,007,827	1,373,368	-
Other liabilities	1,557,788	385,555	1,943,343	-
Unearned revenue	11,014,554	-	11,014,554	-
Noncurrent liabilities				
Long-term obligations - Due within one year	6,571,383	8,226,734	14,798,117	-
Due in more than one year -				
Long-term obligations	83,746,530	112,299,875	196,046,405	-
Net pension liability	34,100,365	12,311,156	46,411,521	-
Net OPEB liability	8,094,661	2,981,777	11,076,438	-
TOTAL LIABILITIES	149,058,712	138,600,835	287,659,547	-
DEFERRED INFLOWS OF RESOURCES				
Deferred pension credits	718,320	131,493	849,813	-
Deferred OPEB credits	953,554	351,255	1,304,809	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,671,874	482,748	2,154,622	-
NET POSITION				
Net investment in capital assets	63,716,212	124,413,735	188,129,947	-
Restricted				
Debt service	965,196	4,531,645	5,496,841	-
Community development	2,457,859	-	2,457,859	400,329
Public safety	770,497	-	770,497	-
Tourism	303,817	-	303,817	-
Unrestricted	(20,381,622)	27,750,841	7,369,219	-
TOTAL NET POSITION	\$ 47,831,959	\$ 156,696,221	\$ 204,528,180	\$ 400,329

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, 2023

<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>
Primary Government:				
Governmental Activities:				
General government	\$ 11,070,235	\$ 16,854,365	\$ 102,074	\$ 898,045
Public safety	19,129,166	709,312	183,521	-
Public works	12,499,915	2,569,285	-	-
Culture and recreation	6,015,554	741,241	1,469,421	-
Community development	2,395,379	-	1,729,550	-
Interest on long-term debt	2,810,825	-	-	-
Total governmental activities	<u>53,921,074</u>	<u>20,874,203</u>	<u>3,484,566</u>	<u>898,045</u>
Business-type activities:				
Water and sewer	49,934,531	41,626,202	-	1,933,464
Stormwater	1,420,999	1,633,062	-	877,094
Total business-type activities	<u>51,355,530</u>	<u>43,259,264</u>	<u>-</u>	<u>2,810,558</u>
Total primary government	<u>\$ 105,276,604</u>	<u>\$ 64,133,467</u>	<u>\$ 3,484,566</u>	<u>\$ 3,708,603</u>
Component Unit:				
Florence Neighborworks CDC	<u>\$ 5,171</u>	<u>\$ -</u>	<u>\$ 405,500</u>	<u>\$ -</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			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Florence Neighborworks CDC
\$ 6,784,249	\$ -	\$ 6,784,249	
(18,236,333)	-	(18,236,333)	
(9,930,630)	-	(9,930,630)	
(3,804,892)	-	(3,804,892)	
(665,829)	-	(665,829)	
<u>(2,810,825)</u>	<u>-</u>	<u>(2,810,825)</u>	
<u>(28,664,260)</u>	<u>-</u>	<u>(28,664,260)</u>	
-	(6,374,865)	(6,374,865)	
-	1,089,157	1,089,157	
<u>-</u>	<u>(5,285,708)</u>	<u>(5,285,708)</u>	
<u>(28,664,260)</u>	<u>(5,285,708)</u>	<u>(33,949,968)</u>	
			<u>\$ 400,329</u>
12,168,471	-	12,168,471	-
5,888,694	-	5,888,694	-
9,195,921	569,991	9,765,912	-
958,456	1,311,767	2,270,223	-
2,587,341	1,242,969	3,830,310	-
38,199	2,782	40,981	-
<u>5,345,684</u>	<u>(5,345,684)</u>	<u>-</u>	<u>-</u>
<u>36,182,766</u>	<u>(2,218,175)</u>	<u>33,964,591</u>	<u>-</u>
7,518,506	(7,503,883)	14,623	400,329
<u>40,313,453</u>	<u>164,200,104</u>	<u>204,513,557</u>	<u>-</u>
<u>\$ 47,831,959</u>	<u>\$ 156,696,221</u>	<u>\$ 204,528,180</u>	<u>\$ 400,329</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, 2023

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 4,227,672	\$ 1,034,256	\$ -	\$ 864,308	\$ 2,759,882	\$ 8,886,118
Receivables						
Property taxes, less allowance for doubtful accounts	221,431	-	-	-	9,422	230,853
Accrued interest	47,582	-	-	6,504	2,387	56,473
Due from other governmental agencies	4,983,849	-	-	-	1,434,918	6,418,767
Other	13,609	523,263	-	-	201,019	737,891
Due from other funds	17,564	-	-	-	11,273	28,837
Investments	23,586,278	2,005,376	-	5,173,860	1,860,420	32,625,934
Inventories	185,127	-	-	-	602,624	787,751
Restricted cash and cash equivalents	-	140,950	8,803,282	-	2,260,789	11,205,021
Restricted investments	114,631	-	1,849,071	-	997,151	2,960,853
TOTAL ASSETS	\$ 33,397,743	\$ 3,703,845	\$ 10,652,353	\$ 6,044,672	\$ 10,139,885	\$ 63,938,498
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,041,396	\$ 35,000	\$ -	\$ -	\$ 1,407,088	\$ 3,483,484
Retainage payable	124,406	-	-	-	-	124,406
Due to other funds	-	-	-	29,675	-	29,675
Other liabilities	1,557,155	-	-	-	633	1,557,788
Unearned revenue	4,987,550	-	-	5,841,469	185,535	11,014,554
TOTAL LIABILITIES	8,710,507	35,000	-	5,871,144	1,593,256	16,209,907
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	94,756	-	-	-	-	94,756
Total deferred inflows of resources	94,756	-	-	-	-	94,756
Fund balances:						
Nonspendable	185,127	-	-	-	602,624	787,751
Restricted	334,929	3,668,845	10,652,353	173,528	7,200,830	22,030,485
Committed	-	-	-	-	743,175	743,175
Assigned	2,837,545	-	-	-	-	2,837,545
Unassigned	21,234,879	-	-	-	-	21,234,879
TOTAL FUND BALANCES	24,592,480	3,668,845	10,652,353	173,528	8,546,629	47,633,835
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,397,743	\$ 3,703,845	\$ 10,652,353	\$ 6,044,672	\$ 10,139,885	\$ 63,938,498

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, 2023

Total fund balances for governmental funds	\$ 47,633,835
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 (\$178,639,880) less accumulated depreciation (\$52,483,026).	126,156,854
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.	(28,091,047)
Other long-term liabilities are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	94,756
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(97,962,439)</u>
Net position of governmental activities	<u>\$ 47,831,959</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, 2023

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property taxes	\$ 11,475,369	\$ -	\$ -	\$ -	\$ 733,937	\$ 12,209,306
Licenses, permits and fees	16,771,965	5,888,694	-	-	38,021	22,698,680
Intergovernmental	5,871,532	-	-	818,019	6,055,631	12,745,182
Charges for services	3,526,939	-	-	-	546,703	4,073,642
Fines and forfeitures	262,372	-	-	-	-	262,372
Investment earnings (losses)	597,329	8,085	142,167	164,690	46,185	958,456
Miscellaneous	1,329,139	-	-	4,500	833,092	2,166,731
TOTAL REVENUES	<u>39,834,645</u>	<u>5,896,779</u>	<u>142,167</u>	<u>987,209</u>	<u>8,253,569</u>	<u>55,114,369</u>
Expenditures						
Current:						
General government	9,022,988	1,678,912	-	-	67,325	10,769,225
Public safety	17,768,898	-	-	-	324,970	18,093,868
Public works	7,933,708	-	-	529	2,262,263	10,196,500
Culture and recreation	3,858,043	-	-	680,000	34,695	4,572,738
Community development	380,650	-	-	-	2,015,651	2,396,301
Debt service:						
Principal	2,119,487	798,000	-	-	904,000	3,821,487
Interest	1,541,261	591,747	-	-	677,817	2,810,825
Capital outlay	6,447,731	-	-	141,990	1,579,739	8,169,460
TOTAL EXPENDITURES	<u>49,072,766</u>	<u>3,068,659</u>	<u>-</u>	<u>822,519</u>	<u>7,866,460</u>	<u>60,830,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,238,121)</u>	<u>2,828,120</u>	<u>142,167</u>	<u>164,690</u>	<u>387,109</u>	<u>(5,716,035)</u>
Other Financing Sources (Uses)						
Subscription asset	300,246	-	-	-	-	300,246
Proceeds from sale of property	38,199	-	-	-	-	38,199
Insurance proceeds	84,118	-	-	-	-	84,118
Transfers in	12,077,902	-	-	-	2,666,558	14,744,460
Transfers out	-	(1,730,000)	(6,520,071)	-	(1,148,705)	(9,398,776)
NET OTHER FINANCING SOURCES (USES)	<u>12,500,465</u>	<u>(1,730,000)</u>	<u>(6,520,071)</u>	<u>-</u>	<u>1,517,853</u>	<u>5,768,247</u>
NET CHANGES IN FUND BALANCES	<u>3,262,344</u>	<u>1,098,120</u>	<u>(6,377,904)</u>	<u>164,690</u>	<u>1,904,962</u>	<u>52,212</u>
Fund balances at beginning of year	<u>21,330,136</u>	<u>2,570,725</u>	<u>17,030,257</u>	<u>8,838</u>	<u>6,641,667</u>	<u>47,581,623</u>
FUND BALANCES AT END OF YEAR	<u>\$ 24,592,480</u>	<u>\$ 3,668,845</u>	<u>\$ 10,652,353</u>	<u>\$ 173,528</u>	<u>\$ 8,546,629</u>	<u>\$ 47,633,835</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, 2023

Net change in fund balances-total governmental funds \$ 52,212

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 (\$8,169,460) exceeded depreciation (\$5,106,868) in the current period. 3,062,592

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. 898,045

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. (40,835)

Long-term debt issued provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide Statement of Net Position. 3,521,241

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. 126,778

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. (101,527)

Change in net position of governmental activities \$ 7,518,506

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 12,098,600	\$ 11,780,600	\$ 11,475,369	\$ (305,231)
Licenses, permits and fees	15,216,200	16,031,200	16,771,965	740,765
Intergovernmental	5,997,000	5,583,161	5,871,532	288,371
Charges for services	2,772,000	2,897,500	3,526,939	629,439
Fines and forfeitures	293,500	260,500	262,372	1,872
Investment earnings	225,000	225,000	597,329	372,329
Miscellaneous	565,000	1,108,925	1,329,139	220,214
TOTAL REVENUES	<u>37,167,300</u>	<u>37,886,886</u>	<u>39,834,645</u>	<u>1,947,759</u>
Expenditures				
Current:				
General government	10,222,572	11,987,595	9,022,988	2,964,607
Public safety	18,105,523	17,884,411	17,768,898	115,513
Public works	8,433,533	8,125,465	7,933,708	191,757
Culture and recreation	3,921,282	3,738,685	3,858,043	(119,358)
Community development	-	-	380,650	(380,650)
Debt service:				
Principal	2,462,790	2,473,790	2,119,487	354,303
Interest	-	-	1,541,261	(1,541,261)
Capital outlay	633,000	3,207,208	6,447,731	(3,240,523)
TOTAL EXPENDITURES	<u>43,778,700</u>	<u>47,417,154</u>	<u>49,072,766</u>	<u>(1,655,612)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(6,611,400)</u>	<u>(9,530,268)</u>	<u>(9,238,121)</u>	<u>292,147</u>
Other Financing Sources				
Subscription asset	-	-	300,246	300,246
Proceeds from sale of property	-	37,000	38,199	1,199
Insurance proceeds	165,000	78,000	84,118	6,118
Transfers in (out)	5,246,400	5,114,700	12,077,902	6,963,202
Appropriation of fund balance	1,200,000	4,300,568	-	(4,300,568)
NET OTHER FINANCING SOURCES	<u>6,611,400</u>	<u>9,530,268</u>	<u>12,500,465</u>	<u>2,970,197</u>
NET CHANGE IN FUND BALANCE	-	-	3,262,344	3,262,344
Fund balance at beginning of year	21,330,136	21,330,136	21,330,136	-
FUND BALANCE AT END OF YEAR	<u>\$ 21,330,136</u>	<u>\$ 21,330,136</u>	<u>\$ 24,592,480</u>	<u>\$ 3,262,344</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, 2023

	<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	\$ 4,881,000	\$ 4,881,000	\$ 5,888,694	\$ 1,007,694
Investment earnings	500	500	8,085	7,585
TOTAL REVENUES	<u>4,881,500</u>	<u>4,881,500</u>	<u>5,896,779</u>	<u>1,015,279</u>
Expenditures				
Current:				
General government	1,761,000	1,761,000	1,678,912	82,088
Debt service:				
Principal	1,389,750	1,389,750	798,000	591,750
Interest	-	-	591,747	(591,747)
TOTAL EXPENDITURES	<u>3,150,750</u>	<u>3,150,750</u>	<u>3,068,659</u>	<u>82,091</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,730,750</u>	<u>1,730,750</u>	<u>2,828,120</u>	<u>1,097,370</u>
Other Financing Uses				
Transfers out	(1,730,750)	(1,730,750)	(1,730,000)	750
NET OTHER FINANCING USES	<u>(1,730,750)</u>	<u>(1,730,750)</u>	<u>(1,730,000)</u>	<u>750</u>
NET CHANGE IN FUND BALANCE	-	-	1,098,120	1,098,120
Fund balance at beginning of year	<u>2,570,725</u>	<u>2,570,725</u>	<u>2,570,725</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 2,570,725</u>	<u>\$ 2,570,725</u>	<u>\$ 3,668,845</u>	<u>\$ 1,098,120</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, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Storm Water Utility Fund</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,016,934	\$ 1,104,849	\$ 7,121,783
Accounts receivable, net	6,309,656	363,218	6,672,874
Due from other funds	838	-	838
Other receivables	98,494	-	98,494
Investments	27,324,749	1,313,756	28,638,505
Prepaid expenses	-	1,000	1,000
Inventories	2,229,173	-	2,229,173
Restricted cash and cash equivalents	4,576,374	2,118,439	6,694,813
Restricted investments	-	<u>4,338,652</u>	<u>4,338,652</u>
Total current assets	<u>46,556,218</u>	<u>9,239,914</u>	<u>55,796,132</u>
Noncurrent assets:			
Capital assets			
Land	1,407,334	262,696	1,670,030
Buildings and system	340,585,794	9,215,316	349,801,110
Construction in progress	6,569,970	410,806	6,980,776
Machinery and equipment	18,821,868	2,173,670	20,995,538
Less accumulated depreciation	<u>(134,059,800)</u>	<u>(7,831,989)</u>	<u>(141,891,789)</u>
Total capital assets (net of accumulated depreciation)	<u>233,325,166</u>	<u>4,230,499</u>	<u>237,555,665</u>
Total noncurrent assets	<u>233,325,166</u>	<u>4,230,499</u>	<u>237,555,665</u>
TOTAL ASSETS	<u>279,881,384</u>	<u>13,470,413</u>	<u>293,351,797</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	1,684,544	91,744	1,776,288
Deferred OPEB charges	632,836	18,883	651,719
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,317,380</u>	<u>110,627</u>	<u>2,428,007</u>
LIABILITIES			
Current liabilities:			
Accounts payable	984,809	131,928	1,116,737
Retainage payable	56,262	214,912	271,174
Accrued interest	999,367	8,460	1,007,827
Other liabilities	365,222	20,333	385,555
Compensated absences - current	753,000	23,000	776,000
Leases - current	155,972	-	155,972
Notes payable - current	1,086,228	-	1,086,228
Revenue bonds payable - current	<u>5,779,534</u>	<u>429,000</u>	<u>6,208,534</u>
Total current liabilities	<u>10,180,394</u>	<u>827,633</u>	<u>11,008,027</u>
Noncurrent liabilities:			
Accrued compensated absences	104,771	87	104,858
Leases	1,572,338	-	1,572,338
Notes payable	15,000,165	-	15,000,165
Revenue bonds payable	89,873,514	5,749,000	95,622,514
Net pension liability	11,659,070	652,086	12,311,156
Net OPEB liability	<u>2,895,381</u>	<u>86,396</u>	<u>2,981,777</u>
Total noncurrent liabilities	<u>121,105,239</u>	<u>6,487,569</u>	<u>127,592,808</u>
TOTAL LIABILITIES	<u>131,285,633</u>	<u>7,315,202</u>	<u>138,600,835</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	124,528	6,965	131,493
Deferred OPEB credits	341,077	10,178	351,255
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>465,605</u>	<u>17,143</u>	<u>482,748</u>
NET POSITION			
Net investment in capital assets	120,173,822	4,239,913	124,413,735
Restricted for debt service	4,531,645	-	4,531,645
Unrestricted	<u>25,742,059</u>	<u>2,008,782</u>	<u>27,750,841</u>
TOTAL NET POSITION	<u>\$ 150,447,526</u>	<u>\$ 6,248,695</u>	<u>\$ 156,696,221</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, 2023

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Utility Fund	
Operating Revenues			
Current use charges	\$ 40,496,498	\$ -	\$ 40,496,498
Service fees	15,614	-	15,614
Miscellaneous	1,104,327	8,934	1,113,261
Water and sewer tap fees	1,114,090	-	1,114,090
Storm water service fees	-	1,633,062	1,633,062
Total operating revenues	<u>42,730,529</u>	<u>1,641,996</u>	<u>44,372,525</u>
Operating Expenses			
Personnel	6,341,316	340,025	6,681,341
Employee benefits	3,133,569	164,042	3,297,611
Purchased services	7,765,958	633,463	8,399,421
Supplies and materials	1,374,829	13,149	1,387,978
Other operating expenses	3,529,059	(66,029)	3,463,030
Depreciation and amortization	9,385,387	224,743	9,610,130
Total operating expenses	<u>31,530,118</u>	<u>1,309,393</u>	<u>32,839,511</u>
Operating Income	<u>11,200,411</u>	<u>332,603</u>	<u>11,533,014</u>
Nonoperating Revenues (Expenses)			
Investment earnings	1,066,719	245,048	1,311,767
Economic development	(15,841,568)	-	(15,841,568)
Miscellaneous revenues	129,708	-	129,708
Intergovernmental revenues	466,114	103,877	569,991
Gain on disposal of assets	2,782	-	2,782
Interest expense	(2,562,845)	(111,606)	(2,674,451)
Total nonoperating revenues (expenses)	<u>(16,739,090)</u>	<u>237,319</u>	<u>(16,501,771)</u>
Income Before Transfers and Capital Contributions	<u>(5,538,679)</u>	<u>569,922</u>	<u>(4,968,757)</u>
Capital Contributions	<u>1,933,464</u>	<u>877,094</u>	<u>2,810,558</u>
Income Before Transfers	<u>(3,605,215)</u>	<u>1,447,016</u>	<u>(2,158,199)</u>
Transfers			
Transfers in (out)	<u>(5,236,056)</u>	<u>(109,628)</u>	<u>(5,345,684)</u>
Total transfers	<u>(5,236,056)</u>	<u>(109,628)</u>	<u>(5,345,684)</u>
Changes in Net Position	<u>(8,841,271)</u>	<u>1,337,388</u>	<u>(7,503,883)</u>
Net position at beginning of year, as restated	<u>159,288,797</u>	<u>4,911,307</u>	<u>164,200,104</u>
NET POSITION AT END OF YEAR	<u>\$ 150,447,526</u>	<u>\$ 6,248,695</u>	<u>\$ 156,696,221</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, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Storm Water Utility Fund</u>	
Cash flows from operating activities			
Receipts from customers and users	\$ 41,857,856	\$ 1,497,669	\$ 43,355,525
Payments to employees for services	(6,645,050)	(345,691)	(6,990,741)
Payments to suppliers for goods and services	(16,703,283)	(715,804)	(17,419,087)
Other receipts	1,700,149	112,811	1,812,960
Net cash provided by operating activities	<u>20,209,672</u>	<u>548,985</u>	<u>20,758,657</u>
Cash flows from noncapital financing activities			
Transfers out	(5,236,056)	(109,628)	(5,345,684)
Economic development	<u>(15,841,568)</u>	<u>-</u>	<u>(15,841,568)</u>
Net cash used in noncapital financing activities	<u>(21,077,624)</u>	<u>(109,628)</u>	<u>(21,187,252)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(6,492,155)	(869,584)	(7,361,739)
Proceeds from sale of capital assets	2,782	-	2,782
Principal payments on revenue bonds and notes	(6,941,065)	(421,000)	(7,362,065)
Interest on bonds and notes	<u>(2,763,151)</u>	<u>(112,183)</u>	<u>(2,875,334)</u>
Net cash used in capital and related financing activities	<u>(16,193,589)</u>	<u>(1,402,767)</u>	<u>(17,596,356)</u>
Cash flows from investing activities			
Investment sales proceeds	14,072,828	1,081,550	15,154,378
Investment income	<u>1,066,719</u>	<u>245,048</u>	<u>1,311,767</u>
Net cash provided by investing activities	<u>15,139,547</u>	<u>1,326,598</u>	<u>16,466,145</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,921,994)</u>	<u>363,188</u>	<u>(1,558,806)</u>
Cash and cash equivalents at beginning of year	<u>12,515,302</u>	<u>2,860,100</u>	<u>15,375,402</u>
Cash and cash equivalents at end of year	<u>\$ 10,593,308</u>	<u>\$ 3,223,288</u>	<u>\$ 13,816,596</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 6,016,934	\$ 1,104,849	\$ 7,121,783
Restricted cash and cash equivalents	<u>4,576,374</u>	<u>2,118,439</u>	<u>6,694,813</u>
Total cash and cash equivalents	<u>\$ 10,593,308</u>	<u>\$ 3,223,288</u>	<u>\$ 13,816,596</u>

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Water and</u>	<u>Stormwater</u>	
	<u>Sewer Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 11,200,411	\$ 332,603	\$ 11,533,014
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,385,387	224,743	9,610,130
Non-cash pension expense	91,038	(90,175)	863
(Increase) decrease in:			
Receivables	231,654	(135,393)	96,261
Due from other fund	(838)	-	(838)
Inventories	67,557	-	67,557
Increase (decrease) in:			
Accounts payable	(621,651)	(12,339)	(633,990)
Retainage payable	(26,340)	214,912	188,572
Accrued expenses	121,711	7,852	129,563
Due to other fund	(422,812)	-	(422,812)
Compensated absences	183,555	6,782	190,337
Net cash provided by operating activities	<u>\$ 20,209,672</u>	<u>\$ 548,985</u>	<u>\$ 20,758,657</u>
Non-cash Investing, Capital and Financing Activities:			
Contributed assets	<u>\$ 1,933,464</u>	<u>\$ 877,094</u>	<u>\$ 2,810,558</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, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ <u>534,207</u>
Total assets	<u>534,207</u>
LIABILITIES	
Accounts payable	<u>3,573</u>
Total liabilities	<u>3,573</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>530,634</u>
Total net position	<u>\$ <u>530,634</u></u>

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

City of Florence, South Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Custodial Funds
Additions	
Investment earnings	\$ 5
Program revenue-intergovernmental	<u> 39,880</u>
Total additions	<u> 39,885</u>
 Deductions	
Payment of escrow funds	<u> 87,344</u>
Total deductions	<u> 87,344</u>
 Net changes in net position	 (47,459)
 Net position - beginning	 <u> 578,093</u>
 Net position - ending	 <u>\$ 530,634</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, 2023

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 and one discretely presented component unit. 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.

Discretely presented component unit – Florence Neighborworks Community Development Corporation (FNDC) is responsible for promoting and developing planned redevelopment efforts of the Neighborhood Revitalization Strategy in order to increase the economic life growth and vitality of Florence. The FNDC has a significant relationship with the City of Florence. The FNDC is presented as a governmental fund type and does not issue separate financial statements.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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 \$648,990 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2023. 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 and discretely presented component units.

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, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Fund Types (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The funds consist of Hospitality, Rollcart and Equipment Replacement, Housing Partnership, HOME Program, Community Development Block Grant, E-911, Victims Services, Drug Control, Federal Equitable Sharing, NSP Grant, Neighborhood Improvement Program, Accommodation Tax, Public Safety Grants, NSP-3, Neighborhood Redevelopment, JAG Grant, Sunday Local Option Revenue Fund, American Rescue Plan Act, Fire Trust, Veterans Park Development, Florence Area Humane Society, Palmetto Pride Grant, Brownsfield Grant, and DRO Grant – McQueen & Cedar.

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

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

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

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

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. Interfund services provided and used are not eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The City reports the following major government funds: *General Fund*. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund: *Hospitality Fund*. This fund is used to account for a 2% Hospitality Fee assessed on prepared food and beverages within the City. *Installment Purchase Revenue Bond Capital Projects Fund*. This fund is used to account for the financial resources that are restricted, committed, or assigned through proceeds from the sale of installment purchase revenue bonds to fund expenditures associated with the purchase of and improvements made to City owned facilities. *American Rescue Plan Act Fund*. This fund is used to account for financial resources to support efforts to fight the pandemic.

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Accounting Standard Adopted

Statement No. 96., provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosures which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow resources recognized from the SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources (See Note IV.C.)

The City has implemented Statement No. 96 and found that it had no material impact on the City's financial statements. Throughout the analysis of assessing the effect of Statement No. 96, it became evident that a majority of The City's subscription arrangements are perpetual agreements and mainly to access content. Therefore, beginning balances of the prior period (Fiscal year ended June 30, 2022) were not restated.

Statement No. 99, Omnibus 2022, addresses a variety of practice issues, such as requirements related to derivatives, leases, PPPs and SBITAs that were identified during implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The City implemented some of the requirements of this statement in its fiscal year ended June 30, 2022 financials, and the residual items in the current fiscal year and found that there were no material impacts to the City's financial statements. Additionally, the City does not have derivative or hedging instruments as defined by Statement No. 99, but does however maintain other investment instruments. For more information on the City's investment instruments please see Note IV.A.

New Accounting Pronouncements

The GASB has issued the following new statements:

- Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No.62 which will be effective for the year ending June 30, 2024; and
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending June 30, 2025.

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

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

1. Cash and Investments

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and Investments (Continued)

All investments are reported at fair value. The fair value of U. S. Government securities is based on sales prices or bid-and-asked quotations on national securities exchanges or in the over-the counter market. The City owns identifiable securities, and is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

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

2. Receivables and Payables

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

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

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventory in the General Fund consist of supplies held for consumption and real property held for resale for economic development or the City's neighborhood redevelopment program. Inventory in the Enterprise Fund consist of supplies held for consumption and real property held for the resale for economic development. 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 lease and revenue bond debt are classified as restricted assets on the Statement of Net Position because they represent unspent proceeds of capital debt or debt service reserve funds. Unspent grant funds received in the governmental funds are also classified as restricted assets in the Statement of Net Position.

5. Right to Use Assets

The City has implemented GASB 87, which requires recording right to use lease assets. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The City did not have any leases meeting the requirements of GASB 87, which were required to be reported on June 30, 2023.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Capital Assets

Governmental Funds

Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements to the extent the City's capitalization threshold of \$10,000 for equipment and site improvements, \$15,000 for buildings and building improvements and \$50,000 for infrastructure is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980.

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

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

Proprietary Fund Types

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

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

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

7. Unearned and Unavailable Revenues

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

8. Property Taxes

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Property Taxes (Continued)

Assessed values are established by the Florence County Assessor and the South Carolina Department of Revenue and were approximately \$193.7 million for the 2022 tax year. The City's property tax rate for fiscal year 2022 was 63.1 mils (operating 59.1, debt service 4.0). The City also has a tax increment district. Assessed values for the tax increment district were approximately \$8.9 million for the 2022 tax year. Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

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

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

9. Compensated Absences

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Net Position/Fund Balance

Government-wide Statements

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

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

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

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

Fund Statements

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Net Position/Fund Balance (Continued)

The classifications are as follows:

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

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

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

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

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

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

13. Estimates

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

14. Pensions

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

15. Other Post-Employment Benefits

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

16. Fair Value

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

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

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

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

16. Fair Value

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

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

17. Tax Abatement Agreements

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2023, the City did not have any such agreements, either entered into by the City or other governments, that exceeded the quantitative threshold for disclosure.

18. Operating Revenues and Expenses

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

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:

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2023

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

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

Accrued interest payable	\$ (365,541)
Subscription payable	(227,954)
Leases payable	(4,613,201)
Notes payable	(90,000)
General obligation bonds payable	(7,317,000)
Revenue bonds payable	(74,678,277)
Compensated absences	(3,391,481)
OPEB liability payable	<u>(7,278,985)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (97,962,439)</u>

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

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

One element of that reconciliation states that "Governmental funds do not report amounts not received within 60 days of year end as revenue. However, in the statement of activities, amounts are recorded as revenue when earned." The details of this (\$40,835) difference are as follows:

Deferred revenue – current year	\$ 94,756
Deferred revenue – prior year	<u>(135,591)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (40,835)</u>

Another element of that reconciliation states that "Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net position." The details of this \$3,521,241 difference are as follows:

Issuance of debt	\$ (300,246)
Payment of long-term debt principal	<u>3,821,487</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,521,241</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 (\$101,527) difference are as follows:

Compensated absences – current year	\$ (3,391,481)
Compensated absences – prior year	3,107,493
Accrued interest – current year accrual	(365,541)
Accrued interest – prior year accrual	373,116
Net OPEB liability – current year accrual	<u>174,886</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (101,527)</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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 Custodial 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, 2023, 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, 2023, the City's bank balance was \$21,643,080, all of which was collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name.

Restricted cash and cash equivalents of \$11,205,021 at June 30, 2023, in the Governmental Funds is comprised of grant funds and unspent loan proceeds. Restricted cash of \$6,694,813 in the Enterprise Fund includes \$2,436,341 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2023, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
Certificates of Deposit	\$ 13,000,000	\$ 13,000,000	\$ -	N/A
Trust Real Estate Fund	114,631	114,631	-	N/A
US Government Agency Obligations	29,967,015	21,518,463	8,448,552	N/A
South Carolina Local				
Government Investment Pool	<u>25,482,298</u>	<u>25,482,298</u>	<u>-</u>	N/A
	<u>\$ 68,563,944</u>	<u>\$ 60,115,392</u>	<u>\$ 8,448,552</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, 2023 consist of its investments in fixed income securities and are valued using readily determinable fair values, meaning there is a quoted price for identical assets in an active market (level 1 inputs). The City's investment in the LGIP is valued at net asset value.

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

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

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

Restricted investments of \$4,388,653 in the Enterprise Fund consist of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2023

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

B. Receivables

Receivables as of June 30, 2023, 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	American Rescue Plan Act	Non-major Governmental Funds	Total Governmental Activities
Taxes	\$ 253,706	\$ -	\$ -	\$ 17,693	\$ 271,399
Accrued interest	47,582	-	6,504	2,387	56,473
Intergovernmental	4,983,849	-	-	1,434,918	6,418,767
Other	13,609	523,263	-	201,019	737,891
Gross receivables	5,298,746	523,263	6,504	1,656,017	7,484,530
Less: Allowance for uncollectibles	(32,275)	-	-	(8,271)	(40,546)
Total receivables (net)	\$ 5,266,471	\$ 523,263	\$ 6,504	\$ 1,647,746	\$ 7,443,984

Business-Type Activities	Water and Sewer	Storm water Utility	Total Business-type Activities
Accounts receivable	\$ 7,207,678	\$ 382,244	\$ 7,589,922
Other	98,494	-	98,494
Gross receivables	7,306,172	382,244	7,688,416
Less: Allowance for uncollectibles	(898,022)	(19,026)	(917,048)
Total receivables (net)	\$ 6,408,150	\$ 363,218	\$ 6,771,368

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, 2023, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 94,756	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	34,684
Local option sales tax receivable	-	5,138,401
American Rescue Plan Act advances	-	5,841,469
	\$ 94,756	\$ 11,014,554

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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, 2022	Increases	Decreases	Transfers	June 30, 2023
Capital assets not being depreciated:					
Land	\$ 18,620,598	\$ -	\$ -	\$ 71,515	\$ 18,692,113
Construction in progress	20,139,182	6,621,811	-	(3,589,161)	23,171,832
Total capital assets not being depreciated	38,759,780	6,621,811	-	(3,517,646)	41,863,945
Capital assets being depreciated/amortized:					
Buildings	42,213,541	65,099	-	137,924	42,416,564
Infrastructure	62,460,671	971,873	-	3,163,658	66,596,202
Machinery and equipment	19,410,501	1,041,786	671,423	506,446	20,287,310
Subscription asset	-	366,936	-	-	366,936
Leased buildings	4,458,923	-	-	-	4,458,923
Leased machinery and equipment	2,650,000	-	-	-	2,650,000
Total capital assets being depreciated and amortized	131,193,636	2,445,694	671,423	3,808,028	136,775,935
Less accumulated depreciation/amortization for:					
Buildings	(8,177,736)	(1,088,907)	-	-	(9,266,643)
Infrastructure	(24,302,382)	(2,451,994)	-	-	(26,754,376)
Machinery and equipment	(13,288,601)	(1,357,176)	(671,423)	(290,382)	(14,264,736)
Subscription asset	-	(57,027)	-	-	(57,027)
Leased buildings	(530,000)	(66,250)	-	-	(596,250)
Leased machinery and equipment	(1,458,480)	(85,514)	-	-	(1,543,994)
Total accumulated depreciation and amortization	(47,757,199)	(5,106,868)	(671,423)	(290,382)	(52,483,026)
Total capital assets, net	83,436,437	(2,661,174)	-	3,517,646	84,292,909
Governmental activities capital assets, net	\$ 122,196,217	\$ 3,960,637	\$ -	\$ -	\$ 126,156,854

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

	Balances				Balances
	June 30, 2022	Increases	Decreases	Transfers	June 30, 2023
Capital assets not being depreciated:					
Land	\$ 1,670,030	\$ -	\$ -	\$ -	\$ 1,670,030
Construction in progress	8,785,032	6,467,620	1,440,350	(6,831,526)	6,980,776
Total capital assets not being depreciated	10,455,062	6,467,620	1,440,350	(6,831,526)	8,650,806
Capital assets being depreciated:					
Buildings and system	339,786,542	3,045,358	-	4,319,210	347,151,110
Machinery and equipment	17,561,420	1,001,712	79,910	2,512,316	20,995,538
Leased building	2,650,000	-	-	-	2,650,000
Total capital assets being depreciated and amortized	359,997,962	4,047,070	79,910	6,831,526	370,796,648

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

C. Capital Assets (Continued)

	Balances June 30, 2022	Increases	Decreases	Transfers	Balances June 30, 2023
Less accumulated depreciation/amortization for:					
Buildings and system	(122,994,837)	(8,298,883)	-	-	(131,293,720)
Machinery and equipment	(8,830,962)	(1,244,997)	(74,140)	-	(10,001,819)
Leased building	(530,000)	(66,250)	-	-	(596,250)
Total accumulated depreciation and amortization	<u>(132,355,799)</u>	<u>(9,610,130)</u>	<u>(74,140)</u>	<u>-</u>	<u>(141,891,789)</u>
Total capital assets, net	<u>227,642,163</u>	<u>(5,563,060)</u>	<u>5,770</u>	<u>6,831,526</u>	<u>228,904,859</u>
Business-type activities capital assets, net	<u>\$ 238,097,225</u>	<u>\$ 904,560</u>	<u>\$ 1,446,120</u>	<u>\$ -</u>	<u>\$ 237,555,665</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 312,429
Public safety		1,042,262
Public works		2,307,339
Culture and recreation		<u>1,444,838</u>
Total depreciation/amortization - governmental activities		<u>\$ 5,106,868</u>
Business-Type Activities		
Water and sewer		\$ 9,385,387
Storm water		<u>224,743</u>
Total depreciation - business-type activities		<u>\$ 9,610,130</u>

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2023 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 17,564	\$ -
American Rescue Plan Act	-	29,675
Nonmajor governmental	11,273	-
Water and Sewer enterprise fund	<u>838</u>	<u>-</u>
Total	<u>\$ 29,675</u>	<u>\$ 29,675</u>

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

Interfund transfers for the year ended June 30, 2023, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 12,077,902	\$ -
Hospitality fund	-	1,730,000
Installment Purchase Rev Bond fund	-	6,520,071
Nonmajor governmental funds	<u>2,666,558</u>	<u>1,148,705</u>
Total governmental funds	<u>14,744,460</u>	<u>9,398,776</u>
Water and sewer enterprise fund	-	5,236,056
Nonmajor enterprise funds	-	<u>109,628</u>
Total enterprise funds	<u>-</u>	<u>5,345,684</u>
Total transfers out	<u>\$ 14,744,460</u>	<u>\$ 14,744,460</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

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

The transfers consist primarily of \$5,345,684 to General Fund from Enterprise Funds, \$1,730,000 to General Fund from Hospitality Fund based on budgetary authorization and \$6,520,071 from Installment Purchase Revenue Bond Fund from General Fund for investments.

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

E. 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 leases are as follows:

	Governmental Activities	Business-Type Activities
Machinery & equipment	\$ 4,458,923	\$ -
Buildings	2,650,000	2,650,000
Less: accumulated depreciation	<u>(2,140,244)</u>	<u>(596,250)</u>
Total	<u>\$ 4,968,679</u>	<u>\$ 2,053,750</u>

The future minimum lease obligations and the net present value of these lease payments at June 30, 2023, were as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2024	\$ 645,339	\$ 195,000
2025	597,754	195,000
2026	578,331	195,000
2027	511,248	195,000
2028	511,248	195,000
2029-2033	<u>2,239,992</u>	<u>975,000</u>
	5,083,912	1,950,000
Less amount representing interest	<u>(470,711)</u>	<u>(221,690)</u>
	<u>\$ 4,613,201</u>	<u>\$ 1,728,310</u>

F. Subscription Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about government's subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

F. Subscription Payable (Continued)

On July 1, 2022, City of Florence, SC entered into a 27 month subscription for the use of ESO-Fire RMS Bundle. An initial subscription liability was recorded in the amount of \$29,240. As of June 30, 2023, the value of the subscription liability is \$15,829. City of Florence, SC is required to make annual fixed payments of \$13,599. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 of \$30,430 with accumulated amortization of \$13,135 is included with Software on the Subscription Class activities table found below.

On July 17, 2022, City of Florence, SC entered into a 24 month subscription for the use of Criteria-Software. An initial subscription liability was recorded in the amount of \$4,136. As of June 30, 2023, the value of the subscription liability is \$2,156. City of Florence, SC is required to make annual fixed payments of \$1,980. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 of \$4,136 with accumulated amortization of \$1,976 is included with Software on the Subscription Class activities table found below.

On November 14, 2022, City of Florence, SC entered into a 60 month subscription for the use of Civic Eye-Software. An initial subscription liability was recorded in the amount of \$266,869. As of June 30, 2023, the value of the subscription liability is \$209,969. City of Florence, SC is required to make annual fixed payments of \$56,900. The subscription has an interest rate of 3.30%. The value of the right to use asset as of June 30, 2023 of \$332,369 with accumulated amortization of \$41,915 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 366,935	\$ 57,026
Total Subscriptions	\$ 366,935	\$ 57,026

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 67,946	\$ 7,303	\$ 75,249
2025	51,612	5,288	56,900
2026	53,317	3,583	56,900
2027	55,079	1,821	56,900
	<u>\$ 227,954</u>	<u>\$ 17,995</u>	<u>\$ 245,949</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

G. Long-Term Debt

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<u>Governmental Activities</u>					
Tax Increment Revenue Bonds	\$ 35,190,000	\$ -	\$ 315,000	\$ 34,875,000	\$ 385,000
Direct borrowing and direct placement notes:					
General obligations bonds	7,906,000	-	589,000	7,317,000	596,000
Hospitality Revenue Bonds	4,337,000	-	798,000	3,539,000	830,000
Installment Purchase Revenue Bond	36,095,000	-	1,280,000	34,815,000	1,330,000
US HUD Section 108 Loan	155,000	-	65,000	90,000	90,000
Bond Premium	1,607,380	-	158,103	1,449,277	158,103
Total direct borrowing and direct placement notes	50,100,380	-	2,890,103	47,210,277	3,004,103
Subscription liability	-	300,246	72,292	227,954	67,946
Leases	5,157,293	-	544,092	4,613,201	554,334
Compensated absences	3,107,493	3,243,178	2,959,190	3,391,481	2,560,000
	<u>\$ 93,555,166</u>	<u>\$ 3,543,424</u>	<u>\$ 6,780,677</u>	<u>\$ 90,317,913</u>	<u>\$ 6,571,383</u>
<u>Business-Type Activities</u>					
2016 Series Water & Sewer Revenue Bonds	\$ 7,510,000	\$ -	\$ 2,405,000	\$ 5,105,000	\$ 2,500,000
2019A Series Water & Sewer Revenue Bonds	66,725,000	-	1,005,000	65,720,000	1,060,000
Bond premium	7,989,958	-	602,422	7,387,536	492,071
Total bonds payable	82,224,958	-	4,012,422	78,212,536	4,052,071
Direct borrowing and direct placement notes:					
Water and Sewer SRF Notes	17,155,629	-	1,069,236	16,086,393	1,086,228
2021 Series Storm water Revenue Bonds	6,599,000	-	421,000	6,178,000	429,000
2014 Series RD Water & Sewer Revenue Bonds	5,015,255	-	123,060	4,892,195	122,995
2015 Series Water & Sewer Revenue Bonds	1,713,138	-	153,821	1,559,317	157,468
2020 Series Water & Sewer Revenue Bonds	12,419,000	-	1,430,000	10,989,000	1,447,000
Total direct borrowing and direct placement notes	42,902,022	-	3,197,117	39,704,905	3,242,691
Leases	1,880,836	-	152,526	1,728,310	155,972
Compensated absences					
Water and sewer	674,216	1,023,207	839,652	857,771	753,000
Storm water	16,305	37,308	30,526	23,087	23,000
	<u>690,521</u>	<u>1,060,515</u>	<u>870,178</u>	<u>880,858</u>	<u>776,000</u>
	<u>\$ 127,698,337</u>	<u>\$ 1,060,515</u>	<u>\$ 8,232,243</u>	<u>\$ 120,526,609</u>	<u>\$ 8,226,734</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 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, 2023

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

G. Long-Term Debt (Continued)

General obligation bonds payable from governmental activities at June 30, 2023 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. \$ 5,953,000

In September 2020, the City issued a \$2,220,000 General Obligation Refunding Bond, Series 2020A for refunding Series 2010 G.O. Bond. The bond has a 1.22% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures on September 1, 2025. 1,364,000
\$ 7,317,000

Revenue bonds payable from governmental activities at June 30, 2023 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. \$ 8,360,000

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. 525,000

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. 3,014,000

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

G. Long-Term Debt (Continued)

In September 2020, the City through the Public Facilities Corporation issued a \$26,365,000 Installment Purchase Revenue Bond, Taxable Series 2020A and a \$10,970,000 Installment Purchase Revenue Bond, Series 2020B. The bonds are being used to construct, acquire or renovate certain buildings and facilities on City owned property for use by the City and to acquire and install certain equipment and refund the 2017 Installment Purchase Bond. The City leases the assets acquired with the proceeds from the installment purchase revenue bond under a Base Lease Agreement and Municipal Facilities Purchase and Occupancy Agreement. For financial reporting purposes, the City accounts for the installment purchase revenue bond as its own debt. The bonds have a 2.41% interest rate and require semi-annual interest payments and annual principal payments. These bonds are secured by certain recreation facilities owned by the City. The bond matures June 30, 2046.

34,815,000
\$ 73,229,000

Total revenue bonds

Notes payable from governmental activities at June 30, 2023 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.

\$ 90,000
\$ 90,000

Total notes payable

Governmental activities debt service to maturity is as follows:

Year Ending June 30,	Total Direct Borrowings		Leases	
	Principal	Interest	Principal	Interest
2024	\$ 686,000	\$ 98,564	\$ 554,334	\$ 91,005
2025	604,000	89,765	517,542	80,212
2026	611,000	82,058	508,512	69,819
2027	619,000	73,790	451,092	60,156
2028	629,000	64,930	451,092	60,156
2029-2033	3,017,000	194,604	2,130,629	109,363
2034-2035	1,241,000	17,686	-	-
	<u>\$ 7,407,000</u>	<u>\$ 621,397</u>	<u>\$ 4,613,201</u>	<u>\$ 470,711</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2023

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

G. Long-Term Debt (Continued)

Year Ending June 30,	Total Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,545,000	\$ 2,439,880	\$ 3,785,334	\$ 2,629,449
2025	2,789,000	2,350,516	3,910,542	2,520,493
2026	2,970,000	2,269,206	4,089,512	2,421,083
2027	3,132,000	2,183,524	4,202,092	2,317,470
2028	3,374,000	2,095,021	4,454,092	2,220,107
2029-2033	16,575,000	9,019,960	21,722,629	9,323,927
2034-2038	11,259,000	6,479,698	12,500,000	6,497,384
2039-2043	13,460,000	4,374,958	13,460,000	4,374,958
2044-2047	17,125,000	1,097,917	17,125,000	1,097,917
	<u>\$ 73,229,000</u>	<u>\$ 32,310,680</u>	<u>\$ 85,249,201</u>	<u>\$ 33,402,788</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 \$7,407,000 contain the following provisions in the event of default:

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

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

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

Defeasance Debt and Refundings

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

G. Long-Term Debt (Continued)

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

	<u>Date of Issuance</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2023</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2014	6,004,585	1.875	3/28/2053	\$ 4,892,195
	Series 2015	2,702,348	2.35	6/1/2032	1,559,317
	Series 2016	14,405,000	1.75	9/1/2024	5,105,000
	Series 2019	68,590,000	2.46	6/30/2040	65,720,000
	Series 2020	15,252,000	1.17	7/1/2031	<u>10,989,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					88,265,512
<i>Secured by Storm Water Utility Fund Revenues</i>					
Revenue Bonds	Series 2021	7,000,000	1.70	6/30/2036	<u>6,178,000</u>
Total Revenue Bonds					<u>\$ 94,443,512</u>

	<u>Date of Issuance</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2023</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 2013	10,626,372	1.90	4/1/2034	\$ 6,347,247
	September 2013	3,890,000	1.90	9/1/2034	2,323,642
	September 2014	1,750,566	1.00	4/1/2045	1,220,297
	June 2018	2,260,938	1.00	12/1/2048	1,829,174
	June 2018*	5,730,149	1.00	2/1/2049	<u>4,366,033</u>
Total Notes Payable					<u>\$ 16,086,393</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, 2023, the City had drawn \$5,451,222 of this amount which is included in construction in progress and in notes payable.

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

Year Ending June 30,	Bonds		Direct Borrowing and Direct Placement Notes		Leases		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,560,000	\$ 2,689,550	\$ 3,242,691	\$ 614,579	\$ 155,972	\$ 39,028	\$ 6,958,663	\$ 3,343,157
2025	3,715,000	2,533,200	3,305,609	551,409	159,493	35,507	7,180,102	3,120,116
2026	4,130,000	2,350,100	3,353,493	502,955	163,096	31,904	7,646,589	2,884,959
2027	4,320,000	2,138,850	3,402,813	453,656	166,779	28,221	7,889,592	2,620,727
2028	4,495,000	1,918,475	3,453,579	403,757	170,544	24,456	8,119,123	2,346,688
2029-2033	18,305,000	6,902,500	13,581,104	1,290,076	912,426	62,574	32,798,530	8,255,150
2034-2038	21,895,000	3,243,075	5,524,075	494,299	-	-	27,419,075	3,737,374
2039-2043	10,405,000	323,925	1,548,205	303,525	-	-	11,953,205	627,450
2044-2048	-	-	1,180,155	174,297	-	-	1,180,155	174,297
2049-2053	-	-	1,113,181	77,719	-	-	1,113,181	77,719
	<u>\$ 70,825,000</u>	<u>\$ 22,099,675</u>	<u>\$ 39,704,905</u>	<u>\$ 4,866,272</u>	<u>\$ 1,728,310</u>	<u>\$ 221,690</u>	<u>\$ 112,258,215</u>	<u>\$ 27,187,637</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

G. 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 \$39,704,905 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.

H. Fund Balances – Governmental Funds

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Hospitality Fund	Bonds Capital Projects Fund	Rescue Plan Act Fund	Governmental Funds	Governmental Funds
Fund Balances:						
Nonspendable	\$ 185,127	\$ -	\$ -	\$ -	\$ 602,624	\$ 787,751
Restricted for:						
Community Development:						
Housing Partnership	-	-	-	-	22,395	22,395
HOME Program	-	-	-	-	67,671	67,671
NSP Grant	-	-	-	-	42,005	42,005
NSP-3 Grant	-	-	-	-	96,191	96,191
JAG Grant	-	-	-	-	20	20
Neighborhood Imp. Program	-	-	-	-	45,063	45,063
Veterans Park Development	-	-	-	-	338	338
American Rescue Plan Act	-	-	-	173,528	-	173,528
Palmetto Pride Grant	-	-	-	-	21,131	21,131
Neighborhood Redevelopment	-	-	-	-	2,162,155	2,162,155
Florence Area Humane Society	-	-	-	-	890	890
Public Safety:						
E-911	-	-	-	-	561,364	561,364
Drug Control	-	-	-	-	102,764	102,764
Federal Equitable Sharing	-	-	-	-	9,492	9,492
Public Safety Grants	-	-	-	-	71,391	71,391
Fire Trust	-	-	-	-	25,486	25,486
Capital Projects:						
TIF Revenue & Debt Service	-	-	-	-	788,241	788,241
Florence County Penny Tax	-	-	-	-	615,996	615,996
TIF Construction Projects	-	-	-	-	1,299,224	1,299,224
Installment Purchase Rev Bonds	-	-	10,652,353	-	-	10,652,353
Downtown Florence	334,929	-	-	-	-	334,929
Tourism:						
Accommodation Tax	-	-	-	-	204,548	204,548
Sunday Local Option Revenue Fund	-	-	-	-	99,269	99,269
Hospitality Fund	-	3,668,845	-	-	-	3,668,845
Debt Service	-	-	-	-	965,196	965,196
	<u>334,929</u>	<u>3,668,845</u>	<u>10,652,353</u>	<u>173,528</u>	<u>7,200,830</u>	<u>22,030,485</u>
Committed to:						
Rollcart and Equipment Replacement	-	-	-	-	743,175	743,175

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

H. Fund Balances – Governmental Funds (Continued)

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	American Resuce Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assigned to:						
Subsequent Year's						
Expenditures	2,311,000	-	-	-	-	2,311,000
Downtown Redevelopment:						
Downtown Revitalization	224,815	-	-	-	-	224,815
Capital Projects:						
City Center Reserve Fund	206,156	-	-	-	-	206,156
Hurricane Matthew	51,979	-	-	-	-	51,979
Parks and Athletic Programs:						
Recreation Registration	6,130	-	-	-	-	6,130
Recreation Projects	17,146	-	-	-	-	17,146
Park Commission	4,808	-	-	-	-	4,808
Recreation Programs	12,545	-	-	-	-	12,545
Employee Assistance	2,966	-	-	-	-	2,966
	<u>2,837,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,837,545</u>
Unassigned	21,234,879	-	-	-	-	21,234,879
Total Fund Balances	<u>\$ 24,592,480</u>	<u>\$ 3,668,845</u>	<u>\$ 10,652,353</u>	<u>\$ 173,528</u>	<u>\$ 8,546,629</u>	<u>\$ 47,633,835</u>

NOTE V - OTHER INFORMATION

A. Employee Benefits

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

The South Carolina Police Officers Retirement Systems (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

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

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

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

Benefits Provided

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Benefits Provided (Continued)

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

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

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

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

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Contributions (Continued)

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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates for fiscal years 2023 and 2022 are as follows:

	2023	2022
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates for fiscal years 2023 and 2022 are as follows:

SCRS		
Employee Class Two	17.41%	16.41%
Employee Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	19.84%	18.84%
Employee Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

The General Assembly funded a one-time credit for employer contributions of one percent for most employers in SCRS for fiscal year 2023.

The amount due to SCRS and PORS was \$532,026 at June 30, 2023. The amount was due to PEBA by July 31, 2023 for legally required contributions per the preceding table for the month of June 2023.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. State statute requires that an actuarial experience study be completed at least once in every five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022 total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using general accepted actuarial principles. There was no legislation enacted during the 2022 legislature session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2022.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial Assumptions		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Inflation	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality Table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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

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, 2022 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	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	8,937,686,946	5,938,707,767	2,998,979,179	66.4%

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, 2023, the Organization reported a liability of \$28,125,250 for SCRS and \$18,286,271 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on a projection of the Organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating Organizations, actuarially determined. At June 30, 2022 and 2021, the Organization's proportion was:

	<u>2022</u>	<u>2021</u>
SCRS	0.116018%	0.114301%
PORS	0.609750%	0.573304%

For the year ended June 30, 2023, the City recognized pension expense of \$2,392,313 for SCRS and \$2,023,834 for PORS. At June 30, 2023, 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	\$ 244,356	\$ 122,569
Change in assumptions	902,043	-
Net difference between projected and actual earnings on pension plan investments	43,375	-
Changes in proportion and differences between City contributions and proportionate share of contributions	296,155	221,206
City contributions subsequent to the measurement date	2,530,722	-
Total	<u>\$ 4,016,651</u>	<u>\$ 343,775</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

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

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 306,807	\$ 361,489
Change in assumptions	761,469	-
Net difference between projected and actual earnings on pension plan investments	55,220	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,301,954	144,549
City contributions subsequent to the measurement date	<u>2,061,825</u>	-
Total	<u>\$ 4,487,275</u>	<u>\$ 506,038</u>

\$2,530,722 for SCRS and \$2,061,825 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, 2024. 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
2024	\$ 521,696	\$ 805,148
2025	470,932	778,841
2026	(583,962)	(375,360)
2027	<u>733,488</u>	<u>710,783</u>
Total	<u>\$ 1,142,154</u>	<u>\$ 1,919,412</u>

Long-term expected rate of return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using the arithmetic building block approach based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (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
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			7.04%

Discount rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 36,060,055	\$ 28,125,250	\$ 21,528,511
PORS	\$ 25,499,110	\$ 18,286,271	\$ 12,381,891

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Annual Comprehensive Financial Report.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

Deferred Compensation Plan

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

B. Postemployment Benefits Other Than Pensions

Plan Description

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

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

As of December 31, 2022, the most recent measurement date for the plan, there were 604 covered participants; 127 were retirees and their beneficiaries receiving benefits, and 477 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 \$1,218.24 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 \$560.78 for medical, vision and dental for retirees after age 65.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Funding Policy (Continued)

For Retirees Before July 14, 2008

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

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

After reaching Medicare eligibility, retirees electing the PEBA Medicare supplement pay the total medical premium cost in excess of a percentage of \$500.38 for their own coverage. Retirees electing Blue Cross Blue Shield Plan B or Plan F pay the total premium cost in excess of a percentage of the premium for Plan B with BlueCross Rx Value prescription coverage or a percentage of \$500.38, whichever is lower. The percentage for all retirees on Medicare is based on the service criteria listed in the table below. Retirees eligible for Medicare continue to pay their earned percentage described above of dental and vision premiums. Retirees are expected to pay for all future increases in the cost of medical coverage in excess of their earned percentage of \$457.78. Spouses pay the full premium rate after age 65.

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

For Retirees After July 14, 2008

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

After age 65, retirees who have 25 or more years of service with the City pay the total premium cost in excess of \$500.38 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 \$250.19 (half of \$500.38) 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 \$11,076,438 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Single Discount Rate	4.75%
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019.
Mortality Assumptions	RP-2014 Mortality table for Employees with a 95% multiplier.
Healthcare cost trend rates	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.50% over a period of 10 years.
Participation Assumptions	100% of eligible retirees with 25 years or more of experience and 20% of eligible retirees less than 25 years of experience.
Aging Factors	Based on plan specific experience.
Expenses	The investment return assumption is net of the investment expenses; Administrative expenses related to the health care benefits are included in the age-adjusted claims costs.

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

Target Allocation

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

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and short duration	2.0%
US Government Agency	58.0%
US Government MBS/CMO/CMBS	<u>40.0%</u>
Total	<u>100.0%</u>

Discount Rate

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2021	\$ 16,136,276	\$ 5,860,734	\$ 10,275,542
Changes for the year:			
Service cost	352,317	-	352,317
Interest	748,939	-	748,939
Difference between expected and actual experience	66,581	-	66,581
Contributions - employer	-	1,202,822	(1,202,822)
Benefit payments and implicit subsidy credit	(746,954)	(746,954)	-
Net investment income	-	(834,631)	834,631
Plan administrative expenses	-	(1,250)	1,250
Net changes	<u>420,883</u>	<u>(380,013)</u>	<u>800,896</u>
Balance at December 31, 2022	<u>\$ 16,557,159</u>	<u>\$ 5,480,721</u>	<u>\$ 11,076,438</u>

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

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

	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Total OPEB liability	<u>\$ 13,284,967</u>	<u>\$ 11,076,438</u>	<u>\$ 9,242,808</u>

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	<u>\$ 9,960,076</u>	<u>\$ 11,076,438</u>	<u>\$ 12,502,823</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB negative expense of \$174,324. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 166,658	\$ 1,249,655
Changes of assumptions or other inputs	170,132	55,154
Net difference between projected and actual earnings on plan investments	1,120,459	-
City contributions subsequent to the measurement date	<u>963,700</u>	<u>-</u>
	<u>\$ 2,420,949</u>	<u>\$ 1,304,809</u>

The City made contributions of \$963,700 subsequent to the measurement date of December 31, 2022, but within the fiscal year ended June 30, 2023, which will be recognized as a reduction in OPEB expense in fiscal year June 30, 2024.

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,	
2024	\$ 138,002
2025	141,970
2026	167,905
2027	86,158
2028	(193,045)
Thereafter	<u>(188,550)</u>
	<u>\$ 152,440</u>

C. Risk Management

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

NOTE V - OTHER INFORMATION (Continued)

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer and Storm water Utility Enterprise Fund capital improvements. As of June 30, 2023, the outstanding commitments total approximately \$21,523,164.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,488,000 for the year ended June 30, 2023, 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, 2023 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

F. Legal Debt Margin

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$15,495,104 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$6,361,226 by \$9,133,878.

G. Subsequent Events

On September 7, 2023, the City issued \$32,100,000.00 in combined waterworks and sewage capital improvement revenue bonds. The bonds were issued to enhance and improve the water and sewer systems.

NOTE VI - RESTATEMENT OF NET POSITION AND FUND BALANCE

The City previously reported escrow deposits as revenue in the amount of \$190,579 but should have recorded a liability since these funds are due back to the developer.

The City donated property in the amount of \$385,529 during fiscal year ended June 30, 2021, which was not recorded as an expenditure in the Water and Sewer Fund Statement of Revenues, Expense and Changes in Fund Net Position or expensed on the Statement of Activities.

The City received capital contributions of infrastructure from developers in the amount of \$2,074,904 which was not recorded during fiscal year ended June 30, 2022.

Prior year monument expenses of \$182,800 and roads construction expenses of \$17,500 should have been recorded as construction in progress at fiscal year ended June 30, 2022

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2023

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

The implementation of these corrections had the following effect on the government-wide and proprietary net position and fund balance as reported June 30, 2022:

	<u>Water and Sewer Proprietary Fund</u>	<u>Governmental Activities</u>
Net position, as previously reported	\$ 158,570,598	\$ 39,346,977
Adjustments:		
Infrastructure contribution	1,103,728	766,176
Monument expenses	-	182,800
Property donation	(385,529)	-
Roads construction expenses	<u>-</u>	<u>17,500</u>
Net position, as restated	<u>\$ 159,288,797</u>	<u>\$ 40,313,453</u>
	<u>Storm Water Utility Fund</u>	
Net position, as previously reported	\$ 4,896,886	
Adjustments:		
Infrastructure contribution	205,000	
Escrow deposits	<u>(190,579)</u>	
Net balance, as restated	<u>\$ 4,911,307</u>	

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 Ten Fiscal Years

	Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.12%	0.11%	0.11%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 28,125,250	\$ 24,736,275	\$ 29,242,173	\$ 26,973,364	\$ 25,859,580	\$ 25,702,854	\$ 23,600,074	\$ 20,739,324	\$ 19,459,674	\$ 20,273,191
Covered payroll	\$ 13,781,908	\$ 12,880,710	\$ 12,767,654	\$ 12,464,783	\$ 11,937,594	\$ 11,496,064	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182	\$ 9,972,880
Proportionate share of the net pension liability as a percentage of covered payroll	204.073%	192.040%	229.030%	216.397%	216.623%	223.580%	222.267%	203.186%	189.810%	203.283%
Plan fiduciary net position as a percentage of the total pension liability	57.100%	60.700%	50.700%	54.400%	54.100%	53.300%	52.900%	57.000%	59.919%	56.388%

Notes to Schedule:

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

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

	Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,530,722	\$ 2,282,284	\$ 2,004,238	\$ 1,986,647	\$ 1,814,872	\$ 1,618,738	\$ 1,328,945	\$ 1,174,337	\$ 1,112,568	\$ 1,086,731
Contributions in relation to the contractually required contribution	<u>(2,530,722)</u>	<u>(2,282,284)</u>	<u>(2,004,238)</u>	<u>(1,986,647)</u>	<u>(1,814,872)</u>	<u>(1,618,738)</u>	<u>(1,328,945)</u>	<u>(1,174,337)</u>	<u>(1,112,568)</u>	<u>(1,086,731)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's covered payroll	\$ 14,411,855	\$ 13,781,908	\$ 12,880,710	\$ 12,767,654	\$ 12,464,783	\$ 11,937,594	\$ 11,496,064	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182
Contributions as a percentage of covered payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

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 Ten Fiscal Years

	Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.608%	0.573%	0.538%	0.555%	0.567%	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 18,286,271	\$ 14,750,630	\$ 17,834,927	\$ 15,902,931	\$ 16,065,096	\$ 16,944,567	\$ 15,818,344	\$ 14,284,381	\$ 13,024,941	\$ 14,103,614
Covered payroll	\$ 9,660,592	\$ 8,600,767	\$ 8,124,386	\$ 8,048,512	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305	\$ 8,156,983
Proportionate share of the net pension liability as a percentage of covered payroll	189.29%	171.50%	219.52%	197.59%	204.60%	203.69%	199.25%	175.87%	159.71%	172.90%
Plan fiduciary net position as a percentage of the total pension liability	66.400%	70.400%	58.800%	62.700%	61.700%	60.900%	60.400%	64.600%	67.549%	62.979%

Notes to Schedule:

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

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

	Year Ended June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,061,825	\$ 1,858,698	\$ 1,568,780	\$ 1,481,888	\$ 1,387,563	\$ 1,275,132	\$ 1,184,595	\$ 1,090,824	\$ 1,089,163	\$ 1,047,142
Contributions in relation to the contractually required contribution	<u>(2,061,825)</u>	<u>(1,858,698)</u>	<u>(1,568,780)</u>	<u>(1,481,888)</u>	<u>(1,387,563)</u>	<u>(1,275,132)</u>	<u>(1,184,595)</u>	<u>(1,090,824)</u>	<u>(1,089,163)</u>	<u>(1,047,142)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's covered payroll	\$ 10,186,885	\$ 9,660,592	\$ 8,600,767	\$ 8,124,386	\$ 8,048,512	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305
Contributions as a percentage of covered payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

City of Florence, South Carolina

Pension Plan Supplementary Information Note

For the Year Ended June 30, 2023

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the fiscal year ended June 30, 2022 (the measurement year).

CHANGES OF ASSUMPTIONS

No changes were made to the assumptions during the fiscal year ended June 30, 2022 (the measurement year).

City of Florence, South Carolina

Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 352,317	\$ 440,725	\$ 426,745	\$ 417,562	\$ 404,295	\$ 391,451
Interest cost	748,939	805,123	780,530	745,357	728,919	709,445
Difference between expected and actual experience	66,581	(1,613,455)	64,549	113,504	28,330	(156,264)
Changes of assumptions or other inputs	-	(73,630)	-	338,580	-	-
Benefit payments	(746,954)	(736,355)	(771,369)	(975,322)	(659,281)	(412,920)
Net change in total OPEB liability	420,883	(1,177,592)	500,455	639,681	502,263	531,712
Total OPEB liability - beginning	<u>16,136,276</u>	<u>17,313,868</u>	<u>16,813,413</u>	<u>16,173,732</u>	<u>15,671,469</u>	<u>15,139,757</u>
Total OPEB liability - ending	<u>\$ 16,557,159</u>	<u>\$ 16,136,276</u>	<u>\$ 17,313,868</u>	<u>\$ 16,813,413</u>	<u>\$ 16,173,732</u>	<u>\$ 15,671,469</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,202,822	\$ 1,160,072	\$ 1,171,316	\$ 1,375,381	\$ 1,079,728	\$ 893,924
Net investment income	(834,631)	(132,510)	288,771	231,690	47,396	91,807
Benefit payments	(746,954)	(736,355)	(771,369)	(975,322)	(659,281)	(412,920)
Administrative expense	(1,250)	(8,401)	(1,000)	(7,058)	-	(19,926)
Net change in Plan Fiduciary Net Position	(380,013)	282,806	687,718	624,691	467,843	552,885
Plan Fiduciary Net Position - beginning	<u>5,860,734</u>	<u>5,577,928</u>	<u>4,890,210</u>	<u>4,265,519</u>	<u>3,797,676</u>	<u>3,244,791</u>
Plan Fiduciary Net Position - ending	<u>\$ 5,480,721</u>	<u>\$ 5,860,734</u>	<u>\$ 5,577,928</u>	<u>\$ 4,890,210</u>	<u>\$ 4,265,519</u>	<u>\$ 3,797,676</u>
Net OPEB Liability	\$ 11,076,438	\$ 10,275,542	\$ 11,735,940	\$ 11,923,203	\$ 11,908,213	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	33.10%	36.32%	32.22%	29.09%	26.37%	24.23%
Covered payroll	\$ 19,842,630	\$ 19,842,630	\$ 18,277,122	\$ 18,277,122	\$ 16,669,414	\$ 16,669,414
Net OPEB liability as a percentage of covered payroll	55.82%	51.79%	64.21%	65.24%	71.44%	71.23%

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

City of Florence, South Carolina

Schedule of Employer Contributions - OPEB

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions	\$ 1,156,169	\$ 1,194,019	\$ 1,162,683	\$ 1,128,213	\$ 1,077,489	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(1,202,822)</u>	<u>(1,160,072)</u>	<u>(1,171,316)</u>	<u>(1,375,381)</u>	<u>(1,079,728)</u>	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>\$ (46,653)</u>	<u>\$ 33,947</u>	<u>\$ (8,633)</u>	<u>\$ (247,168)</u>	<u>\$ (2,239)</u>	<u>\$ 57,607</u>
Covered Payroll	\$20,540,207	\$ 22,308,547	\$ 21,481,477	\$ 20,892,040	\$ 17,679,296	\$ 17,047,043
Contributions as a percentage of covered payroll	5.86%	5.20%	5.45%	6.58%	6.11%	5.24%

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

City of Florence, South Carolina

OPEB Supplementary Information Note

Year Ended June 30, 2023

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended December 31, 2022 (the measurement date).

CHANGE TO ASSUMPTIONS OR OTHER INPUTS

No changes were made to the assumptions or other inputs during the year ended December 31, 2022 (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 the HUD funded grant, Neighborhood Stabilization Program.

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

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

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

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

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

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

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

SPECIAL REVENUE FUNDS - Continued

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

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

CAPITAL PROJECTS FUNDS

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

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

DEBT SERVICE FUNDS

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

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

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart and Equipment Replacement
ASSETS				
Cash and cash equivalents	\$ 22,395	\$ 68,671	\$ -	\$ 702,317
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	19,327	-
Other	-	-	-	40,858
Due from other funds	-	-	11,273	-
Inventory	-	373,998	-	50,788
Investments	-	-	-	-
Restricted cash	-	-	-	-
Restricted investments	-	-	-	-
Total assets	\$ 22,395	\$ 442,669	\$ 30,600	\$ 793,963
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,000	\$ 30,084	\$ -
Retainage payable	-	-	-	-
Accrued liabilities	-	-	516	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	1,000	30,600	-
Fund balances:				
Nonspendable	-	373,998	-	50,788
Restricted	22,395	67,671	-	-
Committed	-	-	-	743,175
Total fund balances	22,395	441,669	-	793,963
Total liabilities and fund balances	\$ 22,395	\$ 442,669	\$ 30,600	\$ 793,963

Special Revenue Funds

<u>E-911</u>	<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>
\$ 160,029	\$ -	\$ 102,986	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
401,335	-	-	-	-
-	-	-	9,492	45,290
-	-	-	-	-
<u>\$ 561,364</u>	<u>\$ -</u>	<u>\$ 102,986</u>	<u>\$ 9,492</u>	<u>\$ 45,290</u>
\$ -	\$ -	\$ 105	\$ -	\$ 3,285
-	-	-	-	-
-	-	117	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	222	-	3,285
-	-	-	-	-
561,364	-	102,764	9,492	42,005
-	-	-	-	-
<u>561,364</u>	<u>-</u>	<u>102,764</u>	<u>9,492</u>	<u>42,005</u>
<u>\$ 561,364</u>	<u>\$ -</u>	<u>\$ 102,986</u>	<u>\$ 9,492</u>	<u>\$ 45,290</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2023

	Special Revenue Funds			
	Neighborhood Imp Program	Accommodation Tax	Public Safety Grants	NSP-3 Grant
ASSETS				
Cash and cash equivalents	\$ 45,063	\$ -	\$ 71,391	\$ 98,783
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	456,187	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Investments	-	-	-	-
Restricted cash	-	136,820	-	-
Restricted investments	-	-	-	-
Total assets	\$ 45,063	\$ 593,007	\$ 71,391	\$ 98,783
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 388,459	\$ -	\$ 2,592
Retainage payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	388,459	-	2,592
Fund balances:				
Nonspendable	-	-	-	-
Restricted	45,063	204,548	71,391	96,191
Committed	-	-	-	-
Total fund balances	45,063	204,548	71,391	96,191
Total liabilities and fund balances	\$ 45,063	\$ 593,007	\$ 71,391	\$ 98,783

Special Revenue Funds

<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>	<u>Sunday Local Option Revenue Fund</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>
\$ 755,409	\$ -	\$ 46,930	\$ -	\$ 185,873
-	-	-	-	-
-	-	-	-	-
-	35,241	-	-	-
-	-	-	-	-
177,838	-	-	-	-
1,406,746	-	52,339	-	-
-	-	-	25,486	-
-	-	-	-	-
<u>\$ 2,339,993</u>	<u>\$ 35,241</u>	<u>\$ 99,269</u>	<u>\$ 25,486</u>	<u>\$ 185,873</u>
\$ -	\$ 35,221	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	185,535
-	35,221	-	-	185,535
177,838	-	-	-	-
2,162,155	20	99,269	25,486	338
-	-	-	-	-
<u>2,339,993</u>	<u>20</u>	<u>99,269</u>	<u>25,486</u>	<u>338</u>
<u>\$ 2,339,993</u>	<u>\$ 35,241</u>	<u>\$ 99,269</u>	<u>\$ 25,486</u>	<u>\$ 185,873</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2023

	Special Revenue Funds			
	Florence Area Humane Society	Palmetto Pride Grant	Brownsfield Grant	DRO Grant McQueen & Cedar
ASSETS				
Cash and cash equivalents	\$ 1,240	\$ 21,131	\$ -	\$ -
Receivables				
Property taxes, less allowance for doubtful accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	31,610	-
Other	-	-	-	124,920
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Investments	-	-	-	-
Restricted cash	-	-	-	-
Restricted investments	-	-	-	-
Total assets	\$ 1,240	\$ 21,131	\$ 31,610	\$ 124,920
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 350	\$ -	\$ 31,610	\$ 124,920
Retainage payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	350	-	31,610	124,920
Fund balances:				
Nonspendable	-	-	-	-
Restricted	890	21,131	-	-
Committed	-	-	-	-
Total fund balances	890	21,131	-	-
Total liabilities and fund balances	\$ 1,240	\$ 21,131	\$ 31,610	\$ 124,920

<u>Capital Projects Fund</u>		<u>Debt Service Funds</u>		<u>Total</u>
<u>Florence</u> <u>County</u> <u>Penny Tax</u>	<u>2016 TIF</u> <u>Construction</u> <u>Projects</u>	<u>TIF Revenue</u> <u>& Debt</u> <u>Service</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ 477,664	\$ -	\$ -	\$ -	\$ 2,759,882
-	-	-	9,422	9,422
-	2,387	-	-	2,387
927,794	-	-	-	1,434,918
-	-	-	-	201,019
-	-	-	-	11,273
-	-	-	-	602,624
-	-	-	-	1,860,420
-	299,686	788,241	955,774	2,260,789
-	997,151	-	-	997,151
<u>\$ 1,405,458</u>	<u>\$ 1,299,224</u>	<u>\$ 788,241</u>	<u>\$ 965,196</u>	<u>\$ 10,139,885</u>
\$ 789,462	\$ -	\$ -	\$ -	\$ 1,407,088
-	-	-	-	-
-	-	-	-	633
-	-	-	-	-
-	-	-	-	185,535
<u>789,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,256</u>
-	-	-	-	602,624
615,996	1,299,224	788,241	965,196	7,200,830
-	-	-	-	743,175
<u>615,996</u>	<u>1,299,224</u>	<u>788,241</u>	<u>965,196</u>	<u>8,546,629</u>
<u>\$ 1,405,458</u>	<u>\$ 1,299,224</u>	<u>\$ 788,241</u>	<u>\$ 965,196</u>	<u>\$ 10,139,885</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds			
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Intergovernmental	-	-	332,534	-
Charges for services	-	-	-	429,087
Investment earnings	17	59	-	487
Miscellaneous	-	119,962	15,800	-
Total revenues	<u>17</u>	<u>120,021</u>	<u>348,334</u>	<u>429,574</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	83,686
Culture and recreation	-	-	481	-
Community development	-	153,896	349,928	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>153,896</u>	<u>350,409</u>	<u>83,686</u>
Excess (deficiency) of revenues over (under) expenditures	17	(33,875)	(2,075)	345,888
Other financing sources (uses)				
Transfers in (out)	-	(101,483)	2,075	(157,700)
Total financing sources (uses)	<u>-</u>	<u>(101,483)</u>	<u>2,075</u>	<u>(157,700)</u>
Net changes in fund balances	17	(135,358)	-	188,188
Fund balances at beginning of year	<u>22,378</u>	<u>577,027</u>	<u>-</u>	<u>605,775</u>
Fund balances at end of year	<u>\$ 22,395</u>	<u>\$ 441,669</u>	<u>\$ -</u>	<u>\$ 793,963</u>

Special Revenue Funds

<u>E-911</u>	<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	38,021	-	-	-
-	-	-	-	-
117,616	-	-	-	-
2,013	2	1,928	25	-
-	-	89,194	-	24,730
<u>119,629</u>	<u>38,023</u>	<u>91,122</u>	<u>25</u>	<u>24,730</u>
-	-	-	-	-
99,717	-	52,162	-	-
-	-	-	-	-
-	-	-	-	29,439
-	-	-	-	-
-	-	-	-	-
-	-	10,000	46,442	-
<u>99,717</u>	<u>-</u>	<u>62,162</u>	<u>46,442</u>	<u>29,439</u>
19,912	38,023	28,960	(46,417)	(4,709)
-	(38,023)	-	-	-
-	(38,023)	-	-	-
19,912	-	28,960	(46,417)	(4,709)
541,452	-	73,804	55,909	46,714
<u>\$ 561,364</u>	<u>\$ -</u>	<u>\$ 102,764</u>	<u>\$ 9,492</u>	<u>\$ 42,005</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2023

	Special Revenue Funds			
	<u>Neighborhood Imp Program</u>	<u>Accommodation Tax</u>	<u>Public Safety Grants</u>	<u>NSP-3 Grant</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Intergovernmental	-	1,233,537	-	-
Charges for services	-	-	-	-
Investment earnings	36	136	52	-
Miscellaneous	-	-	16,000	45,987
Total revenues	<u>36</u>	<u>1,233,673</u>	<u>16,052</u>	<u>45,987</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	600	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	1,180,938	-	35,502
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>1,180,938</u>	<u>600</u>	<u>35,502</u>
Excess (deficiency) of revenues over (under) expenditures	36	52,735	15,452	10,485
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	36	52,735	15,452	10,485
Fund balances at beginning of year	<u>45,027</u>	<u>151,813</u>	<u>55,939</u>	<u>85,706</u>
Fund balances at end of year	<u>\$ 45,063</u>	<u>\$ 204,548</u>	<u>\$ 71,391</u>	<u>\$ 96,191</u>

Special Revenue Funds

<u>Neighborhood Redevelopment</u>	<u>JAG Grant</u>	<u>Sunday Local Option Revenue Fund</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	35,242	82,400	-	-
-	-	-	-	-
9,600	-	537	62	211
183,688	-	-	149,893	130,592
<u>193,288</u>	<u>35,242</u>	<u>82,937</u>	<u>149,955</u>	<u>130,803</u>
-	-	-	-	-
-	35,222	-	137,269	-
-	-	-	-	-
-	-	31,808	-	2,406
261,880	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	128,186
<u>261,880</u>	<u>35,222</u>	<u>31,808</u>	<u>137,269</u>	<u>130,592</u>
(68,592)	20	51,129	12,686	211
964,483	-	(65,000)	-	-
<u>964,483</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>
895,891	20	(13,871)	12,686	211
1,444,102	-	113,140	12,800	127
<u>\$ 2,339,993</u>	<u>\$ 20</u>	<u>\$ 99,269</u>	<u>\$ 25,486</u>	<u>\$ 338</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2023

	Special Revenue Funds			
	<u>Florence Area Humane Society</u>	<u>Palmetto Pride Grant</u>	<u>Brownsfield Grant</u>	<u>DRO Grant McQueen & Cedar</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Intergovernmental	-	-	54,156	287,963
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	4,958	-	-	-
Total revenues	<u>4,958</u>	<u>-</u>	<u>54,156</u>	<u>287,963</u>
Expenditures				
Current:				
General government	-	32	54,156	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	4,068	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	287,963
Total expenditures	<u>4,068</u>	<u>32</u>	<u>54,156</u>	<u>287,963</u>
Excess (deficiency) of revenues over (under) expenditures	890	(32)	-	-
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	890	(32)	-	-
Fund balances at beginning of year	<u>-</u>	<u>21,163</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 890</u>	<u>\$ 21,131</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Capital Projects Fund</u>		<u>Debt Service Funds</u>		<u>Total</u>
<u>Florence</u> <u>County</u> <u>Penny Tax</u>	<u>2016 TIF</u> <u>Construction</u> <u>Projects</u>	<u>TIF Revenue</u> <u>& Debt</u> <u>Service</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ -	\$ -	\$ 733,937	\$ 733,937
-	-	-	-	38,021
3,262,065	-	767,734	-	6,055,631
-	-	-	-	546,703
136	27,842	2,501	541	46,185
52,288	-	-	-	833,092
<u>3,314,489</u>	<u>27,842</u>	<u>770,235</u>	<u>734,478</u>	<u>8,253,569</u>
-	5,537	7,600	-	67,325
-	-	-	-	324,970
2,178,577	-	-	-	2,262,263
-	-	-	-	34,695
-	-	-	-	2,015,651
-	-	315,000	589,000	904,000
-	-	572,895	104,922	677,817
1,091,487	15,661	-	-	1,579,739
<u>3,270,064</u>	<u>21,198</u>	<u>895,495</u>	<u>693,922</u>	<u>7,866,460</u>
44,425	6,644	(125,260)	40,556	387,109
-	-	913,501	-	1,517,853
-	-	913,501	-	1,517,853
44,425	6,644	788,241	40,556	1,904,962
571,571	1,292,580	-	924,640	6,641,667
<u>\$ 615,996</u>	<u>\$ 1,299,224</u>	<u>\$ 788,241</u>	<u>\$ 965,196</u>	<u>\$ 8,546,629</u>

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**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

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

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

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

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Proprietary Funds--Water and Sewer Fund
Year Ended June 30, 2023

	<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	\$ 41,988,000	\$ 42,335,500	\$ 40,496,498	\$ (1,839,002)
Service fees	-	-	15,614	15,614
Miscellaneous	1,257,000	1,385,500	1,104,327	(281,173)
Water and sewer tap fees	1,103,000	1,112,500	1,114,090	1,590
Total operating revenues	<u>44,348,000</u>	<u>44,833,500</u>	<u>42,730,529</u>	<u>(2,102,971)</u>
Operating Expenses				
Personnel	6,815,174	6,349,033	6,341,316	7,717
Employee benefits	3,046,686	2,773,679	3,133,569	(359,890)
Purchased services	9,732,217	12,041,220	7,765,958	4,275,262
Supplies and materials	1,231,023	1,512,268	1,374,829	137,439
Other operating expenses	1,413,900	1,460,040	3,529,058	(2,069,018)
Depreciation and amortization	6,317,500	6,757,000	9,385,388	(2,628,388)
Total operating expenses	<u>28,556,500</u>	<u>30,893,240</u>	<u>31,530,118</u>	<u>(636,878)</u>
Operating Income	<u>15,791,500</u>	<u>13,940,260</u>	<u>11,200,411</u>	<u>(2,739,849)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	75,000	394,000	1,066,719	672,719
Intergovernmental revenues	955,000	955,000	466,114	(488,886)
Economic development	(1,500,000)	(20,505,800)	(15,841,568)	4,664,232
Miscellaneous revenues	100,000	125,500	129,708	4,208
Gain on disposal of assets	-	-	2,782	2,782
Interest expense	-	-	(2,562,845)	(2,562,845)
Appropriation of net position	-	20,339,840	-	(20,339,840)
Total nonoperating revenues (expenses)	<u>(370,000)</u>	<u>1,308,540</u>	<u>(16,739,090)</u>	<u>(18,047,630)</u>
Income Before Transfers and Capital Contributions	15,421,500	15,248,800	(5,538,679)	(20,787,479)
Capital Contributions	-	-	1,933,464	1,933,464
Income (Loss) Before Transfers	15,421,500	15,248,800	(3,605,215)	(18,854,015)
Transfers In (Out)	<u>(15,421,500)</u>	<u>(15,248,800)</u>	<u>(5,236,056)</u>	<u>10,012,744</u>
Changes in Net Position	-	-	(8,841,271)	(8,841,271)
Net position at beginning of year, as restated	<u>159,288,797</u>	<u>159,288,797</u>	<u>159,288,797</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 159,288,797</u>	<u>\$ 159,288,797</u>	<u>\$ 150,447,526</u>	<u>\$ (8,841,271)</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, 2023

	<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	\$ 1,611,500	\$ 1,632,900	\$ 1,633,062	\$ 162
Miscellaneous	42,500	8,875	8,934	59
Total operating revenues	<u>1,654,000</u>	<u>1,641,775</u>	<u>1,641,996</u>	<u>221</u>
Operating Expenses				
Personnel	389,068	353,046	340,025	13,021
Employee benefits	172,898	167,182	164,042	3,140
Purchased services	130,440	168,440	633,463	(465,023)
Supplies and materials	23,700	17,000	13,149	3,851
Other operating expenses	44,000	46,300	(66,029)	112,329
Depreciation and amortization	-	-	224,743	(224,743)
Total operating expenses	<u>760,106</u>	<u>751,968</u>	<u>1,309,393</u>	<u>(557,425)</u>
Operating Income	<u>893,894</u>	<u>889,807</u>	<u>332,603</u>	<u>(557,204)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	6,000	18,225	245,048	226,823
Intergovernmental revenues	-	-	103,877	103,877
Interest expense	-	-	(111,606)	(111,606)
Total nonoperating revenues (expenses)	<u>6,000</u>	<u>18,225</u>	<u>237,319</u>	<u>219,094</u>
Income Before Transfers and Capital Contributions	<u>899,894</u>	<u>908,032</u>	<u>569,922</u>	<u>(338,110)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>877,094</u>	<u>877,094</u>
Income Before Transfers	<u>899,894</u>	<u>908,032</u>	<u>1,447,016</u>	<u>538,984</u>
Transfers Out	<u>(899,894)</u>	<u>(908,032)</u>	<u>(109,628)</u>	<u>798,404</u>
Changes in Net Position	<u>-</u>	<u>-</u>	<u>1,337,388</u>	<u>1,337,388</u>
Net position at beginning of year, as restated	<u>4,911,307</u>	<u>4,911,307</u>	<u>4,911,307</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 4,911,307</u>	<u>\$ 4,911,307</u>	<u>\$ 6,248,695</u>	<u>\$ 1,337,388</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, 2023

	<u>Custodial Funds</u>			
	<u>Court Escrow</u>	<u>Narcotics Holding Funds</u>	<u>Eat Smart Move More Fund</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 18,818	\$ 508,567	\$ 6,822	\$ 534,207
Total assets	<u>18,818</u>	<u>508,567</u>	<u>6,822</u>	<u>534,207</u>
LIABILITIES				
Accounts payable	<u>3,573</u>	-	-	<u>3,573</u>
Total liabilities	<u>3,573</u>	<u>-</u>	<u>-</u>	<u>3,573</u>
NET POSITION				
Restricted for: Individuals, organizations and other governments	<u>15,245</u>	<u>508,567</u>	<u>6,822</u>	<u>530,634</u>
Total net position	<u>\$ 15,245</u>	<u>\$ 508,567</u>	<u>\$ 6,822</u>	<u>\$ 530,634</u>

City of Florence, South Carolina
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Custodial Funds			Totals
	Court Escrow	Narcotics Holding Funds	Eat Smart Move More Fund	
Additions				
Investment earnings (losses)	\$ -	\$ -	\$ 5	\$ 5
Program revenue-intergovernmental	3,519	36,361	-	39,880
Total additions	<u>3,519</u>	<u>36,361</u>	<u>5</u>	<u>39,885</u>
Deductions				
Payment of escrow funds	-	87,344	-	87,344
Total deductions	<u>-</u>	<u>87,344</u>	<u>-</u>	<u>87,344</u>
Net changes in fund balances	<u>3,519</u>	<u>(50,983)</u>	<u>5</u>	<u>(47,459)</u>
Net position - beginning	<u>11,726</u>	<u>559,550</u>	<u>6,817</u>	<u>578,093</u>
Net position - ending	<u>\$ 15,245</u>	<u>\$ 508,567</u>	<u>\$ 6,822</u>	<u>\$ 530,634</u>

DISCRETELY PRESENTED COMPONENT UNIT

City of Florence, South Carolina
Balance Sheet
Discretely Presented Component Unit
Florence Neighborworks Community Development Corporation
June 30, 2023

ASSETS

Cash and cash
equivalents \$ 400,329

Total assets 400,329

FUND BALANCE

Restricted for:
Community development 400,329

Total fund balance \$ 400,329

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Discretely Presented Component Unit
Florence Neighborworks Community Development Corporation
Year Ended June 30, 2023

REVENUES

Miscellaneous	\$ 405,500
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EXPENDITURES

Community development	<u>5,171</u>
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Net Change in Fund Balance	400,329
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Fund Balance - beginning	<u>-</u>
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Fund Balance - ending	<u>\$ 400,329</u>
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SUPPLEMENTAL SCHEDULES

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 5,680,000	\$ 5,105,000	\$ 5,129,518	\$ 24,518
Homestead exemption	327,000	327,000	334,460	7,460
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	12,000	9,000	9,288	288
Property tax credits	5,310,000	5,602,000	5,142,484	(459,516)
PILOT - Housing Authority	170,000	170,000	208,539	38,539
Motor carrier - FILO	125,000	125,000	174,338	49,338
Delinquent taxes	175,000	143,000	177,139	34,139
Total Property Taxes	<u>12,098,600</u>	<u>11,780,600</u>	<u>11,475,369</u>	<u>(305,231)</u>
Licenses and Fees				
Business and professional license	10,913,200	11,488,200	12,027,482	539,282
Franchise fees	4,118,000	4,323,000	4,489,399	166,399
Delinquent business licenses	185,000	220,000	255,084	35,084
Total Licenses and Fees	<u>15,216,200</u>	<u>16,031,200</u>	<u>16,771,965</u>	<u>740,765</u>
Intergovernmental				
Community development	60,000	110,000	113,300	3,300
Sales tax revenue	4,155,000	4,249,200	4,260,028	10,828
State shared revenue	993,000	701,261	946,760	245,499
Governmental reimbursements	380,000	203,800	203,958	158
State A tax funds	75,000	78,900	89,923	11,023
Grants	217,000	126,000	121,169	(4,831)
FEMA reimbursements	-	-	14,533	14,533
Marketing and promotion	117,000	114,000	121,861	7,861
Total Intergovernmental	<u>5,997,000</u>	<u>5,583,161</u>	<u>5,871,532</u>	<u>288,371</u>
Charges for Services				
Refuse - landfill fee	1,830,000	1,599,000	1,599,844	844
Refuse - collection fee	350,000	396,000	540,354	144,354
Building permits	450,000	700,000	726,116	26,116
Planning and zoning fees	37,000	27,000	27,468	468
Recreation fees	105,000	175,500	633,157	457,657
Total Charges for Services	<u>2,772,000</u>	<u>2,897,500</u>	<u>3,526,939</u>	<u>629,439</u>
Fines and Forfeitures				
Criminal fines	56,000	46,000	46,202	202
Traffic fines	230,000	203,000	203,760	760
Parking violations fines	6,000	11,000	11,435	435
Animal control fines	1,500	500	975	475
Total Fines and Forfeitures	<u>293,500</u>	<u>260,500</u>	<u>262,372</u>	<u>1,872</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, 2023

	<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	225,000	225,000	597,329	372,329
Miscellaneous	533,000	1,076,925	1,254,360	177,435
Concessions	32,000	32,000	74,779	42,779
Total Miscellaneous	790,000	1,333,925	1,926,468	592,543
TOTAL REVENUES	37,167,300	37,886,886	39,834,645	1,947,759
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,126	113,126	113,126	-
Retirement	19,865	55,301	55,295	6
Health insurance	84,648	89,224	89,035	189
Workers' compensation	12,255	12,255	12,153	102
Social security	8,654	6,845	6,444	401
Printing and supplies	1,000	500	197	303
Office supplies	1,500	870	727	143
Postage	100	100	25	75
Membership and dues	20,000	21,300	21,273	27
Travel and conferences	31,000	29,700	29,651	49
Telephone related services	5,500	7,450	7,425	25
Professional services	33,000	30,550	30,550	-
Special departmental supplies	5,500	4,900	4,800	100
Total City Council	336,148	372,121	370,701	1,420
Legal Services				
Salaries and wages	106,629	108,895	108,872	23
Retirement	18,754	18,176	18,173	3
Health insurance	20,474	22,519	22,452	67
Workers' compensation	1,419	1,459	1,454	5
Social Security	8,157	8,007	7,987	20
Professional services	100	-	-	-
Printing and supplies	100	-	-	-
Employee training	400	-	-	-
Office supplies	2,500	2,800	2,796	4
Postage	100	100	87	13
Membership and dues	500	520	508	12
Travel and conferences	300	-	-	-
Telephone related services	1,200	1,140	1,115	25
Total Legal Services	160,633	163,616	163,444	172

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	369,913	358,230	357,970	260
Retirement	50,485	61,188	60,459	729
Health insurance	89,705	89,905	89,825	80
Workers' compensation	17,555	17,555	17,450	105
Social security	28,299	26,511	26,079	432
Printing and supplies	500	200	111	89
Postage	2,500	3,000	2,994	6
Membership and dues	500	370	355	15
Travel and conferences	1,500	1,600	1,559	41
Auto operating expenses	200	200	52	148
Telephone related services	8,000	8,225	8,206	19
Maintenance and service contracts	6,000	54,575	6,658	47,917
Machine and equipment repairs	100	100	-	100
Gas and oil	500	500	-	500
Employee training	1,000	1,130	1,129	1
Professional services	3,000	3,000	3,000	-
Jury vouchers	2,000	6,500	6,220	280
Office supplies	3,500	3,800	3,796	4
Special departmental supplies	2,500	2,500	2,437	63
Total Justice and Law	587,757	639,089	588,300	50,789
City Manager				
Salary and wages	754,722	754,934	749,043	5,891
Retirement	129,471	132,446	131,523	923
Health insurance	69,995	71,218	69,746	1,472
Workers' compensation	10,997	10,997	10,907	90
Social security	53,280	52,173	52,120	53
Printing and supplies	1,000	700	175	525
Postage	1,000	1,000	153	847
Membership and dues	1,500	1,500	303	1,197
Travel and conferences	4,000	4,300	4,212	88
Lease payments	4,200	4,620	4,620	-
Auto operating expenses	1,000	1,000	-	1,000
Telephone related services	13,000	13,000	11,743	1,257
Farmers Market operations	51,400	52,400	40,269	12,131
Maintenance and service contracts	3,000	3,000	1,741	1,259

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
City Manager--continued				
Employee training	5,000	5,000	3,291	1,709
Professional services	1,000	1,000	621	379
Office supplies	3,000	3,000	2,861	139
Special departmental supplies	4,000	8,755	8,755	-
Marketing & Promotions	8,000	24,270	8,420	15,850
Gas and oil	1,000	1,000	-	1,000
Total City Manager	1,120,565	1,146,313	1,100,503	45,810
Finance				
Salary and wages	672,791	644,996	643,854	1,142
Retirement	118,142	108,033	107,607	426
Health insurance	83,938	81,838	81,716	122
Workers' compensation	17,555	17,555	17,450	105
Social security	50,250	47,569	47,451	118
Printing and supplies	6,000	5,345	5,268	77
Postage	12,500	11,750	11,721	29
Membership and dues	4,000	1,660	1,653	7
Travel and conferences	3,000	3,210	3,208	2
Auto operating expenses	300	-	-	-
Telephone related services	11,000	11,420	11,416	4
Maintenance and service contracts	11,500	13,100	13,099	1
Machine and equipment repairs	500	40	-	40
Cable and related services	3,000	1,950	1,922	28
Public notices	1,000	1,470	1,470	-
Employee training	5,000	3,500	3,043	457
Professional services	11,500	18,800	18,763	37
Tax billing and collections	59,100	64,300	64,266	34
Office supplies	12,000	10,200	10,141	59
Special departmental supplies	2,500	2,415	2,410	5
Other Equipment	-	5,000	-	5,000
Gas and oil	500	300	287	13
Total Finance	1,086,076	1,054,451	1,046,745	7,706

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	290,691	303,472	303,392	80
Retirement	50,694	50,056	50,036	20
Health insurance	44,222	36,311	35,810	501
Workers' compensation	9,901	9,901	9,868	33
Social security	22,238	22,788	22,781	7
Printing and supplies	5,000	8,200	8,125	75
Postage	2,500	2,800	2,753	47
Membership and dues	1,500	900	829	71
Travel and conferences	2,500	300	216	84
Auto operating expenses	1,000	-	-	-
Telephone related services	5,000	5,000	4,862	138
Cable and related services	-	300	284	16
Maintenance and service contracts	7,500	250	220	30
Public notices	19,000	12,100	12,090	10
Employee training	2,500	850	764	86
Professional services	63,000	71,950	68,906	3,044
Medical expenses	35,000	37,900	37,603	297
Office supplies	5,000	3,500	3,294	206
Special departmental supplies	-	10,695	10,692	3
Gas and oil	1,000	-	-	-
Capital outlay	-	73	-	73
Total Personnel	568,246	577,346	572,525	4,821
Community Service				
Salary and wages	390,135	342,300	309,515	32,785
Retirement	63,272	53,914	51,614	2,300
Health insurance	61,735	58,576	53,806	4,770
Workers' compensation	13,180	13,180	13,088	92
Social security	29,843	25,447	23,056	2,391
Printing and supplies	500	400	178	222
Postage	250	200	164	36
Membership and dues	2,000	390	389	1
Travel and conferences	1,000	-	-	-
Auto operating expenses	4,500	1,825	1,665	160
Telephone related services	8,000	9,375	9,362	13
Radio maintenance	-	-	-	-
Maintenance and service contracts	-	-	-	-
Public notices	700	2,175	2,166	9

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
Community Service--continued				
Uniform and clothing	3,800	3,800	3,563	237
Employee training	1,000	-	-	-
Professional services	2,500	2,540	2,535	5
Office supplies	300	300	168	132
Special departmental supplies	2,000	1,625	719	906
Property management expenses	15,000	22,260	18,823	3,437
Gas and oil	7,500	8,725	8,718	7
Capital outlay	-	40,785	40,680	105
Total Community Service	607,215	587,817	540,209	47,608
Urban Planning & Development				
Salary and wages	414,235	288,067	255,204	32,863
Retirement	66,355	44,400	41,858	2,542
Health insurance	39,934	38,254	31,942	6,312
Workers' compensation	7,289	7,289	7,271	18
Social security	31,689	21,732	19,177	2,555
Printing and supplies	2,000	4,500	4,278	222
Postage	1,500	1,700	1,633	67
Membership and dues	4,000	4,000	2,727	1,273
Travel and conferences	2,000	2,000	1,955	45
Auto operating expenses	1,800	1,800	245	1,555
Telephone related services	6,500	6,500	4,855	1,645
Maintenance and service contracts	4,500	4,500	2,166	2,334
Public notices	5,000	5,000	4,713	287
Uniform and clothing	100	100	-	100
Employee training	2,700	2,500	1,180	1,320
Professional services	2,000	206,340	38,750	167,590
Office supplies	5,000	2,500	1,419	1,081
Special departmental supplies	2,000	2,000	929	1,071
Gas and oil	1,000	1,000	363	637
Total Urban Planning & Development	599,602	644,182	420,665	223,517

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	272,906	216,257	190,095	26,162
Retirement	47,483	35,126	30,971	4,155
Health insurance	35,094	38,883	35,159	3,724
Workers' compensation	14,072	14,072	14,023	49
Social security	20,877	16,275	14,045	2,230
Printing and supplies	1,000	500	69	431
Postage	1,500	350	2	348
Membership and dues	1,000	850	705	145
Auto operating expenses	4,000	1,970	1,961	9
Telephone related services	6,000	5,200	5,134	66
Maintenance and service contracts	3,000	300	282	18
Uniform and clothing	1,500	1,830	1,825	5
Employee training	4,000	4,350	4,343	7
Professional services	174,000	106,520	83,126	23,394
Special departmental supplies	3,500	6,980	6,980	-
Gas and oil	4,200	4,330	4,228	102
Capital outlay	-	38,020	29,017	9,003
Total Building Inspections & Permits	594,132	491,813	421,965	69,848
Total General Government	5,660,374	5,676,748	5,225,057	451,691
Public safety				
Police				
Salary and wages	6,612,157	6,413,952	6,413,319	633
Retirement	1,233,335	1,206,003	1,205,397	606
Health insurance	1,004,854	933,621	933,281	340
Workers' compensation	275,200	273,700	273,493	207
Social security	487,867	477,525	477,346	179
Printing and supplies	5,000	2,100	2,044	56
Postage	3,500	2,400	1,677	723
Membership and dues	3,000	3,000	2,121	879
Travel and conferences	4,000	4,000	3,683	317
Auto operating expenses	85,000	68,100	68,028	72
Electricity	20,000	17,000	16,927	73

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public safety--continued				
Police--continued				
Telephone related services	115,000	102,500	102,058	442
Cable and related services	-	-	-	-
Radio maintenance	5,000	4,900	4,719	181
Maintenance and service contracts	107,500	107,195	34,782	72,413
Maintenance and equipment repairs	5,000	6,000	5,907	93
Building and maintenance	2,000	-	-	-
Uniform and clothing	80,000	82,500	82,498	2
Prisoner housing	185,000	136,000	128,470	7,530
Inmate services	1,000	-	-	-
Rent payments	29,400	29,400	29,400	-
Employee training	15,000	12,000	11,913	87
Professional services	20,000	18,000	16,248	1,752
PAL expenses	2,500	1,500	-	1,500
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	60,000	165,445	165,441	4
Gas and oil	260,000	291,465	291,461	4
Water usage	4,500	3,500	3,138	362
Grant expenditures	12,000	12,000	12,000	-
Capital outlay	-	105,659	105,658	1
Total Police	10,638,813	10,480,465	10,391,009	89,456
Fire				
Salary and wages	4,691,943	4,624,163	4,622,144	2,019
Retirement	900,859	877,235	876,802	433
Health insurance	835,193	835,153	835,147	6
Workers' compensation	151,038	150,203	150,198	5
Social security	350,677	340,736	340,735	1
Printing and supplies	1,000	475	469	6
Janitorial/sanitary supplies	14,500	14,500	13,990	510
Postage	150	150	72	78
Membership and dues	1,350	850	423	427
Auto operating expenses	68,000	86,400	86,041	359
Electricity	52,000	49,000	48,897	103
Telephone related services	45,000	58,500	57,403	1,097
Heating fuel	20,000	21,400	21,238	162
Fire prevention	8,000	5,400	5,350	50
Risk management	6,500	900	799	101

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	5,000	4,480	4,020	460
Maintenance and service contracts	37,500	35,800	20,717	15,083
Maintenance and equipment repairs	15,500	9,200	9,067	133
Building and maintenance	22,000	14,800	14,786	14
Uniform and clothing	39,000	36,075	33,479	2,596
Rent payments	-	-	-	-
Employee training	20,000	25,000	24,284	716
Professional services	12,500	9,825	9,120	705
Personal protective equipment	49,000	95,300	93,796	1,504
Special departmental supplies	40,000	109,135	109,134	1
Gas and oil	55,000	74,325	74,321	4
Water usage	25,000	30,600	30,511	89
Capital outlay	13,000	81,146	17	81,129
Total Fire	<u>7,479,710</u>	<u>7,590,751</u>	<u>7,482,960</u>	<u>107,791</u>
Total Public Safety	<u>18,118,523</u>	<u>18,071,216</u>	<u>17,873,969</u>	<u>197,247</u>
Public works				
Streets and Beautification				
Salary and wages	1,976,501	1,773,954	1,712,786	61,168
Retirement	331,181	288,580	280,184	8,396
Health insurance	391,308	360,879	344,654	16,225
Workers' compensation	63,210	63,210	62,842	368
Social security	151,201	131,351	127,225	4,126
Printing and supplies	500	600	538	62
Office supplies	5,000	2,500	2,435	65
Janitorial supplies	15,000	11,200	11,131	69
Safety supplies	4,000	3,000	1,534	1,466
Postage	100	100	49	51
Membership and dues	500	300	126	174
Auto operating expenses	35,000	136,200	134,898	1,302
Electricity	40,000	36,000	33,789	2,211
Telephone related services	14,000	10,000	9,262	738
Radio maintenance	3,500	-	-	-
Maintenance and service contracts	9,900	11,600	10,880	720
Maintenance and equipment repairs	79,000	17,050	16,557	493
Building and maintenance	28,000	21,200	14,997	6,203

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	9,000	6,300	6,223	77
Sign shop supplies	7,000	3,000	2,898	102
Medical expenses	35,000	35,000	34,226	774
Uniform and clothing	35,000	32,635	32,633	2
Inmate services	33,000	12,800	11,250	1,550
Chemicals	10,000	4,000	3,849	151
Paving materials and supplies	10,000	11,700	11,605	95
Irrigation materials and supplies	2,000	400	299	101
Turf & landscape supplies	12,000	14,000	13,594	406
Employee training	1,000	2,700	2,603	97
Professional services	55,000	90,000	56,539	33,461
Special departmental supplies	50,000	18,615	18,611	4
Gas and oil	100,000	129,875	129,872	3
Water usage	25,000	25,000	23,829	1,171
Capital outlay	63,000	332,625	112,357	220,268
Total Streets and Beautification	3,594,901	3,586,374	3,224,275	362,099
Sanitation				
Salary and wages	1,254,735	1,210,323	1,206,542	3,781
Retirement	210,321	195,074	194,963	111
Health insurance	250,733	247,286	246,709	577
Workers' compensation	47,451	47,451	47,158	293
Social security	95,989	91,599	89,213	2,386
Printing and supplies	800	800	45	755
Postage	100	100	8	92
Membership and dues	100	100	-	100
Auto operating expenses	200,000	263,295	261,882	1,413
Telephone related services	6,000	5,000	3,440	1,560
Radio maintenance	6,000	7,000	6,979	21
Maintenance and service contracts	3,500	5,000	4,979	21
Maintenance and equipment repairs	120,000	32,045	18,030	14,015
Landfill services	1,760,000	1,760,000	1,710,708	49,292
Uniform and clothing	25,000	26,300	26,223	77
Office supplies	1,500	1,500	26	1,474
Compost supplies	500	200	-	200
Safety supplies	3,500	2,200	2,055	145
Public notices	5,000	3,500	2,027	1,473
Employee training	150	2,800	2,751	49

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	20,000	80,000	73,445	6,555
Special departmental supplies	10,000	7,650	7,574	76
Gas and oil	250,000	294,660	294,660	-
Capital outlay	<u>207,000</u>	<u>909,400</u>	<u>524,584</u>	<u>384,816</u>
Total Sanitation	<u>4,478,379</u>	<u>5,193,283</u>	<u>4,724,001</u>	<u>469,282</u>
Equipment Maintenance				
Salary and wages	396,751	363,993	333,818	30,175
Retirement	68,967	60,447	55,373	5,074
Health insurance	74,529	67,876	66,342	1,534
Workers' compensation	12,255	12,255	12,153	102
Social security	30,351	27,307	24,625	2,682
Auto operating expenses	2,000	6,000	5,907	93
Telephone related services	2,400	2,900	2,767	133
Heating fuel	4,200	4,500	4,432	68
Radio maintenance	500	-	-	-
Maintenance and service contracts	2,300	300	163	137
Maintenance and equipment repairs	500	200	-	200
Uniform and clothing	5,000	5,000	4,704	296
Office supplies	2,000	500	486	14
Janitorial supplies	500	-	-	-
Safety supplies	500	500	-	500
Employee training	1,500	1,500	254	1,246
Professional services	3,000	3,000	2,855	145
Special departmental supplies	15,000	19,950	19,946	4
Gas and oil	8,000	11,605	11,605	-
Capital outlay	<u>-</u>	<u>70,820</u>	<u>30,875</u>	<u>39,945</u>
Total Equipment Maintenance	<u>630,253</u>	<u>658,653</u>	<u>576,305</u>	<u>82,348</u>
Total Public Works	<u>8,703,533</u>	<u>9,438,310</u>	<u>8,524,581</u>	<u>913,729</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, 2023

	<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	679,562	603,099	476,492	126,607
Retirement	100,026	84,787	76,610	8,177
Health insurance	112,428	122,987	105,683	17,304
Workers' compensation	63,791	63,791	63,465	326
Social security	51,985	42,848	35,176	7,672
Printing and supplies	4,000	2,300	2,213	87
Postage	500	500	71	429
Membership and dues	1,200	1,200	598	602
Travel and conferences	5,400	5,400	1,300	4,100
Auto operating expenses	11,000	10,095	7,374	2,721
Electricity	81,500	95,000	94,845	155
Telephone related services	18,000	22,000	21,958	42
Cable and related services	7,000	11,800	11,729	71
Maintenance and service contracts	16,500	15,500	12,284	3,216
Maintenance and equipment repairs	2,500	2,500	2,313	187
Building maintenance	29,100	23,700	20,876	2,824
Facility and park maintenance	7,500	7,500	6,016	1,484
Uniforms and clothing	6,000	6,000	5,038	962
Office supplies	4,500	4,500	4,179	321
Safety supplies	600	600	381	219
Janitorial services and supplies	10,000	12,100	12,079	21
Athletic field supplies	2,000	2,000	800	1,200
Irrigation supplies	500	500	108	392
Inmate services	500	500	-	500
Food and supplies	4,000	4,000	3,970	30
Employee training	3,500	4,500	2,607	1,893
Professional services	5,000	5,000	4,994	6
Contracted instructors	28,000	22,500	21,773	727
Special departmental supplies	25,000	21,805	21,803	2
Gas and oil	26,500	21,000	18,733	2,267
Water usage	21,000	24,200	24,040	160
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	-	2,000
Grant expenditures	46,000	77,000	11,253	65,747
Capital outlay	-	96,500	-	96,500
Total Parks and Leisure Services	1,398,092	1,440,712	1,091,761	348,951

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variations with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs				
Salary and wages	991,440	900,368	828,423	71,945
Retirement	139,852	137,728	137,267	461
Health insurance	165,607	150,506	132,999	17,507
Workers' compensation	107,694	107,694	107,092	602
Social security	72,597	63,507	61,921	1,586
Printing and supplies	2,500	4,800	1,747	3,053
Postage	500	500	102	398
Membership and dues	2,500	3,630	3,629	1
Travel and conferences	4,500	3,400	3,397	3
Auto operating expenses	6,500	17,800	17,775	25
Electricity	275,000	265,400	265,361	39
Telephone related services	24,000	44,200	44,077	123
Cable and related services	9,000	19,620	19,330	290
Maintenance and service contracts	60,000	57,800	53,790	4,010
Maintenance and equipment repairs	10,000	6,000	5,764	236
Radio repairs and maintenance	1,000	-	-	-
Building maintenance	2,500	2,100	2,067	33
Facility and park maintenance	45,000	60,135	58,258	1,877
Tree beautification	8,000	150	150	-
Uniforms and clothing	10,500	10,500	6,861	3,639
Inmate services	29,500	25,150	24,870	280
Office supplies	3,000	3,000	1,927	1,073
Safety supplies	1,000	1,000	455	545
Janitorial services and supplies	20,000	25,750	25,750	-
Athletic field supplies	30,000	30,000	29,973	27
Food and supplies	30,000	30,000	29,993	7
Employee training	3,500	5,055	5,051	4
Professional services	32,000	33,930	33,929	1
Special departmental supplies	5,000	37,820	37,817	3
Irrigation parts and supplies	7,500	13,350	13,233	117
Pro shop supplies	17,000	17,000	15,501	1,499
Stadium commission	8,500	8,500	8,500	-
Athletic expenses	16,500	21,300	20,793	507
Gymnastic expenses	6,000	2,000	822	1,178
Tennis center expenses	15,000	13,000	10,891	2,109
Freedom Florence expenses	14,000	14,750	14,718	32
Gymnasium expenses	10,000	10,000	8,919	1,081
Soccer expenses	10,000	9,250	9,092	158
Gas and oil	18,000	18,000	16,624	1,376
Water usage	65,000	73,000	70,723	2,277
Marketing and promotion	233,000	130,780	50,477	80,303

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<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	10,000	16,000	8,757	7,243
Capital outlay	-	1,252,500	304,550	947,950
Total Athletic Programs	2,523,190	3,646,973	2,493,375	1,153,598
Total Culture and Recreation	3,921,282	5,087,685	3,585,136	1,502,549
Non-Departmental				
Employee relations	50,000	50,000	35,711	14,289
Unemployment compensation	5,000	5,000	-	5,000
OPEB expense	693,300	693,300	693,300	-
Employee assistance	-	-	8,350	(8,350)
Property and liability insurance	825,000	928,000	927,038	962
Small claims	205,000	142,000	136,264	5,736
Employee W/C small claims	135,000	95,000	61,513	33,487
Bank charges	-	100	68	32
Credit card fees	48,000	70,500	70,354	146
Boys and Girls Club	20,000	20,000	20,000	-
Transit system	218,000	218,000	218,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Property acquisition expenditures	-	682,990	78,101	604,889
Helping Florence Flourish	25,000	25,000	25,000	-
NOU Homeless program	75,000	75,000	75,000	-
Florence Family Support Ctr	11,000	11,000	2,750	8,250
Florence Neighborworks Corporation	-	-	400,000	(400,000)
My Brother's Keeper	20,000	20,000	20,000	-
COVID CARES Supplement	-	-	-	-
Foster Care Clothing Closet	7,000	7,000	1,750	5,250
Pee Dee Coalition	5,000	5,000	5,000	-
Dargan Street Incubator	100,900	101,050	101,046	4
Contingency	101,498	869,895	-	869,895
Street lights	960,000	1,138,200	1,138,045	155
Subscription expenditure	-	-	366,936	(366,936)
Animal Shelter Improvements	-	10,050	10,011	39
Recreation Facilities Rehab	18,000	67,430	45,426	22,004
Management software expenditures	226,000	298,365	229,076	69,289
Health services	75,000	89,100	89,070	30

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Non-Departmental--continued				
Fire district tax reimbursement	500	-	-	-
IT support services	350,000	380,225	380,125	100
Legal services	75,000	67,500	66,971	529
Downtown revitalization	-	-	1,900	(1,900)
Parks/Facilities improvements	-	10,000	2,106,746	(2,096,746)
Fire stations	-	-	90,373	(90,373)
Parking garage	-	-	1,761,828	(1,761,828)
Property clearing/demolition	-	-	9,360	(9,360)
Special projects	200,000	159,000	158,241	759
Other recreation programs	-	-	451,503	(451,503)
Downtown promotions	35,000	35,000	26,507	8,493
BTC parking lease	63,000	63,000	63,000	-
City Center operations	350,000	317,700	317,662	38
Keep Florence Beautiful	5,000	5,000	1,250	3,750
Total Non-Departmental	<u>4,912,198</u>	<u>6,669,405</u>	<u>10,203,275</u>	<u>(3,533,870)</u>
Debt Service				
Principal	2,462,790	2,473,790	2,119,487	354,303
Interest	-	-	1,541,261	(1,541,261)
Total Debt Service	<u>2,462,790</u>	<u>2,473,790</u>	<u>3,660,748</u>	<u>(1,186,958)</u>
TOTAL EXPENDITURES	<u>43,778,700</u>	<u>47,417,154</u>	<u>49,072,766</u>	<u>(1,655,612)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>(6,611,400)</u>	<u>(9,530,268)</u>	<u>(9,238,121)</u>	<u>292,147</u>
Other Financing Sources				
Subscription assets	-	-	300,246	300,246
Proceeds from sale of property	-	37,000	38,199	1,199
Proceeds from insurance settlements	165,000	78,000	84,118	6,118
Transfers in (out)	5,246,400	5,114,700	12,077,902	6,963,202
Appropriation of fund balance	1,200,000	4,300,568	-	(4,300,568)
Total Other Financing Sources	<u>6,611,400</u>	<u>9,530,268</u>	<u>12,500,465</u>	<u>2,970,197</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, 2023

	<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	-	-	3,262,344	3,262,344
Fund balance at beginning of year	<u>21,330,136</u>	<u>21,330,136</u>	<u>21,330,136</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 21,330,136</u>	<u>\$ 21,330,136</u>	<u>\$ 24,592,480</u>	<u>\$ 3,262,344</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 19,559,000	\$ 19,792,000	\$ 18,928,265	\$ (863,735)
Sewer service fees	22,209,000	22,339,000	21,568,233	(770,767)
Sewer surcharge	-	-	15,614	15,614
Cut on fees	220,000	204,500	205,265	765
Water tap fees	855,000	895,500	896,660	1,160
Sewer tap fees	248,000	217,000	217,430	430
Service charges	297,000	253,000	254,151	1,151
Late fees	403,000	331,000	331,392	392
Miscellaneous	557,000	801,500	313,519	(487,981)
Total Operating Revenues	<u>44,348,000</u>	<u>44,833,500</u>	<u>42,730,529</u>	<u>(2,102,971)</u>
Operating Expenses				
Engineering				
Salary and wages	879,256	911,413	909,124	2,289
Retirement	153,888	154,116	154,113	3
Health insurance	119,769	127,898	127,896	2
Workers' compensation	19,339	19,219	19,216	3
Social security	67,263	68,194	67,773	421
Printing and supplies	5,000	4,500	4,460	40
Postage	300	15	14	1
Membership and dues	1,500	1,600	1,560	40
Auto operating expenses	4,500	4,850	4,806	44
Electricity	30,000	25,500	25,494	6
Travel and conferences	1,500	3,000	2,719	281
Telephone related services	15,000	18,000	17,962	38
Radio maintenance	500	70	-	70
Maintenance and service contracts	50,000	40,315	40,311	4
Building maintenance	5,000	-	-	-
Uniforms and clothing	2,000	1,000	535	465
Public notices	200	-	-	-
Employee training	7,000	2,100	2,094	6
Professional services	105,000	275,840	275,837	3
Special departmental supplies	8,000	11,100	11,061	39
Gas and oil	13,500	11,000	10,997	3
Total Engineering	<u>1,488,515</u>	<u>1,679,730</u>	<u>1,675,972</u>	<u>3,758</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, 2023

	<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	1,402,642	1,144,684	1,141,268	3,416
Retirement	232,712	191,159	190,388	771
Health insurance	253,352	216,012	215,720	292
Workers' compensation	45,741	45,741	45,496	245
Social security	107,302	86,222	85,253	969
Printing and supplies	15,000	5,000	4,718	282
Office supplies	17,000	17,000	9,809	7,191
Postage	42,500	10,500	9,045	1,455
Membership and dues	1,700	1,700	181	1,519
Travel and conferences	2,500	2,500	-	2,500
Auto operating expenses	24,000	28,000	27,096	904
Other maintenance and repairs	3,500	3,500	820	2,680
Telephone related services	40,000	26,000	25,681	319
Maintenance and service contracts	65,000	76,000	13,032	62,968
Employee training	2,000	2,000	675	1,325
Professional services	-	16,000	15,983	17
Utility billing	275,000	209,000	208,630	370
Special departmental supplies	15,000	15,000	8,287	6,713
Meters, parts and supplies	110,000	95,000	35,706	59,294
Uniforms and clothing	16,000	16,000	10,998	5,002
Gas and oil	87,000	87,000	48,537	38,463
Total Utility Finance	<u>2,757,949</u>	<u>2,294,018</u>	<u>2,097,323</u>	<u>196,695</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, 2023

	<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	1,634,532	1,587,497	1,587,193	304
Retirement	283,231	268,628	268,611	17
Health insurance	276,526	227,490	227,325	165
Workers' compensation	50,246	50,246	49,962	284
Social security	125,042	118,695	118,380	315
Printing and supplies	2,000	3,000	2,879	121
Postage	1,600	1,100	970	130
Membership and dues	13,000	2,100	2,051	49
Auto operating expenses	10,000	42,500	42,364	136
Electricity	1,225,300	1,496,075	1,496,023	52
Heating fuel	15,000	4,000	3,605	395
Telephone related services	14,000	26,500	26,285	215
Radio maintenance	500	500	39	461
Maintenance and service contracts	60,000	47,500	47,422	78
Machine and equipment repairs	475,000	767,600	767,029	571
Building maintenance	5,000	8,700	8,603	97
Landfill services	500,000	858,700	858,693	7
Uniforms and clothing	20,000	19,525	19,284	241
Chemicals	245,000	295,000	294,810	190
Lab supplies	37,000	38,000	37,852	148
Employee training	15,000	20,500	20,489	11
Professional services	70,000	152,000	151,535	465
Special departmental supplies	75,000	79,500	79,326	174
Gas and oil	48,000	65,700	69,968	(4,268)
Water usage	17,000	26,500	26,390	110
Upgrade and painting	325,000	371,900	371,548	352
Total Wastewater Treatment	<u>5,542,977</u>	<u>6,579,456</u>	<u>6,578,636</u>	<u>820</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, 2023

	<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	615,957	640,805	640,513	292
Retirement	97,301	106,225	105,524	701
Health insurance	104,521	86,579	86,554	25
Workers' compensation	15,803	15,803	15,685	118
Social security	47,121	48,005	47,953	52
Printing and supplies	2,800	4,800	4,583	217
Postage	300	300	91	209
Membership and dues	1,500	2,000	1,882	118
Auto operating expenses	2,000	5,000	4,958	42
Electricity	490,000	472,700	472,614	86
Telephone related services	10,000	7,600	7,572	28
Heating fuel	20,000	7,900	7,741	159
Radio maintenance	500	-	-	-
Maintenance and service contracts	12,000	7,000	6,886	114
Machine and equipment repairs	150,000	203,000	202,706	294
Building maintenance	30,000	32,000	31,675	325
Uniform and clothing	7,000	8,700	8,605	95
Chemicals	433,000	882,000	898,755	(16,755)
Lab supplies	50,000	64,000	63,881	119
Employee training	5,000	5,000	4,902	98
Professional services	30,000	30,400	30,376	24
Special departmental supplies	15,000	15,700	15,599	101
Gas and oil	7,000	19,600	20,896	(1,296)
Water usage	1,800	1,800	1,262	538
Upgrade and painting	600,000	411,800	411,705	95
Total Water Production - Surface Water				
Water	<u>2,748,603</u>	<u>3,078,717</u>	<u>3,092,918</u>	<u>(14,201)</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, 2023

	<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	427,474	387,430	386,960	470
Retirement	73,695	65,985	65,920	65
Health insurance	79,940	56,655	56,616	39
Workers' compensation	13,319	13,319	13,192	127
Social security	32,702	29,146	29,070	76
Postage	100	100	3	97
Membership and dues	700	700	549	151
Auto operating expenses	6,000	9,000	8,979	21
Electricity	870,000	854,000	853,706	294
Telephone related services	30,000	17,000	16,724	276
Heating fuel	200	600	598	2
Radio maintenance	400	4,400	4,347	53
Machine and equipment repairs	80,000	145,725	118,773	26,952
Building maintenance	8,000	3,200	2,849	351
Uniform and clothing	5,500	4,500	4,344	156
Chemicals	90,000	118,500	118,423	77
Lab supplies	14,500	8,200	7,967	233
Employee training	4,000	3,000	2,410	590
Professional services	105,000	71,500	71,229	271
Well repairs	121,600	14,600	14,394	206
Special departmental supplies	8,000	8,500	8,432	68
Gas and oil	22,000	34,575	34,573	2
Water usage	7,000	8,100	8,079	21
Upgrade and painting	205,000	-	-	-
Total Water Production - Ground Water	2,205,130	1,858,735	1,828,137	30,598

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, 2023

	<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	1,178,000	1,083,507	1,082,871	636
Retirement	193,055	182,755	182,690	65
Health insurance	203,359	183,461	183,071	390
Workers' compensation	36,851	36,851	36,667	184
Social security	90,117	81,875	81,262	613
Printing and supplies	7,523	10,723	10,688	35
Postage	150	150	37	113
Membership and dues	1,000	300	215	85
Auto operating expenses	26,000	129,500	129,248	252
Electricity	10,000	8,500	8,446	54
Telephone related services	15,000	16,100	16,059	41
Heating fuel	7,000	4,500	4,432	68
Radio maintenance	442	442	-	442
Maintenance and service contracts	9,500	10,600	10,545	55
Maintenance and equipment repairs	36,000	17,605	17,605	-
Building maintenance	44,000	36,870	28,815	8,055
Uniform and clothing	19,000	23,200	23,171	29
Meters, parts and supplies	80,000	102,000	101,704	296
Pipe fittings and hydrants	190,000	194,375	194,374	1
Paving materials and supplies	15,000	8,300	8,212	88
Employee training	2,000	6,500	6,446	54
Professional services	15,000	47,765	47,763	2
Special departmental supplies	40,000	91,345	91,341	4
Gas and oil	75,000	97,140	97,139	1
Water usage	12,000	10,200	10,114	86
Total Distribution Operations	<u>2,305,997</u>	<u>2,384,564</u>	<u>2,372,915</u>	<u>11,649</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, 2023

	<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	677,313	593,697	593,387	310
Retirement	105,362	101,627	101,593	34
Health insurance	142,708	123,315	123,263	52
Workers' compensation	24,607	24,607	24,514	93
Social security	51,814	43,851	43,487	364
Printing and supplies	700	200	-	200
Postage	50	150	133	17
Membership and dues	500	325	-	325
Auto operating expenses	33,000	75,800	75,707	93
Telephone related services	5,000	4,500	4,344	156
Radio maintenance	530	30	-	30
Maintenance and equipment repairs	50,000	764,855	101,421	663,434
Uniform and clothing	11,000	11,300	11,206	94
Pipe fittings and hydrants	65,500	139,400	139,329	71
Paving materials and supplies	56,000	49,500	49,241	259
Employee training	2,500	3,000	2,893	107
Professional services	8,000	23,100	23,035	65
Special departmental supplies	30,000	87,100	87,011	89
Gas and oil	60,000	84,745	84,743	2
Total Collection Operations	1,324,584	2,131,102	1,465,307	665,795
Non-Departmental				
Depreciation and amortization	6,317,500	6,757,000	9,385,387	(2,628,387)
Bank charges	40,000	26,600	28,581	(1,981)
Credit card fees	265,000	301,600	301,526	74
Employee relations	50,000	25,000	24,937	63
Unemployment compensation	5,000	-	-	-
Other post employment benefits	250,400	250,400	250,400	-
GASB 68 pension expense	-	-	91,038	(91,038)
Property and liability insurance	600,000	673,900	673,817	83
Small claims	80,000	103,300	103,252	48
Employee W/C small claims	30,000	25,500	25,302	198
Legal services	75,000	59,000	58,971	29
City Center operations	350,000	318,000	165,044	152,956
Contingency	154,845	28	-	28

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, 2023

	<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	350,000	380,000	379,926	74
Management system software	250,000	298,815	209,929	88,886
Health services	75,000	89,100	89,070	30
Professional fees	1,150,000	1,433,000	486,499	946,501
Special projects	140,000	145,500	145,061	439
Other equipment	-	175	170	5
Total Non-Departmental	<u>10,182,745</u>	<u>10,886,918</u>	<u>12,418,910</u>	<u>(1,531,992)</u>
TOTAL OPERATING EXPENSES	<u>28,556,500</u>	<u>30,893,240</u>	<u>31,530,118</u>	<u>(636,878)</u>
OPERATING INCOME	<u>15,791,500</u>	<u>13,940,260</u>	<u>11,200,411</u>	<u>(2,739,849)</u>
Non-Operating Revenues (Expenses)				
Investment earnings	75,000	394,000	1,066,719	672,719
Intergovernmental revenues	955,000	955,000	466,114	(488,886)
Economic development	(1,500,000)	(20,505,800)	(15,841,568)	4,664,232
Miscellaneous revenues	100,000	125,500	129,708	4,208
Gain on disposal of assets	-	-	2,782	2,782
Interest expense	-	-	(2,562,845)	(2,562,845)
Appropriation of net position	-	20,339,840	-	(20,339,840)
Total Non-Operating Revenues (Expenses)	<u>(370,000)</u>	<u>1,308,540</u>	<u>(16,739,090)</u>	<u>(18,047,630)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>15,421,500</u>	<u>15,248,800</u>	<u>(5,538,679)</u>	<u>(20,787,479)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>1,933,464</u>	<u>1,933,464</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>15,421,500</u>	<u>15,248,800</u>	<u>(3,605,215)</u>	<u>(18,854,015)</u>
TRANSFERS IN (OUT)	<u>(15,421,500)</u>	<u>(15,248,800)</u>	<u>(5,236,056)</u>	<u>10,012,744</u>
CHANGES IN NET POSITION	<u>-</u>	<u>-</u>	<u>(8,841,271)</u>	<u>(8,841,271)</u>
Net position at beginning of year, as restated	<u>159,288,797</u>	<u>159,288,797</u>	<u>159,288,797</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 159,288,797</u>	<u>\$ 159,288,797</u>	<u>\$ 150,447,526</u>	<u>\$ (8,841,271)</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, 2023

	<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	\$ 1,611,500	\$ 1,632,900	\$ 1,633,062	\$ 162
Miscellaneous	42,500	8,875	8,934	59
Total Operating Revenues	<u>1,654,000</u>	<u>1,641,775</u>	<u>1,641,996</u>	<u>221</u>
Operating Expenses				
Salary and wages	389,068	353,046	340,025	13,021
Retirement	62,736	59,378	57,349	2,029
Health insurance	66,380	67,632	67,588	44
Workers' compensation	14,018	14,018	13,919	99
Social security	29,764	26,154	25,186	968
Printing and supplies	500	500	-	500
Membership and dues	500	500	70	430
Postage	200	200	1	199
Auto operating expenses	22,900	37,900	37,831	69
Electricity	4,490	4,490	3,190	1,300
Telephone related services	3,000	1,000	683	317
Radio maintenance	500	500	-	500
Maintenance and equipment repairs	28,250	51,850	241,296	(189,446)
Uniforms and clothing	5,000	5,000	4,840	160
Pipe fittings and hydrants	8,000	3,000	123	2,877
Employee training	600	4,000	2,656	1,344
Professional services	25,000	20,000	277,050	(257,050)
Special departmental supplies	15,200	13,500	13,026	474
Gas and oil	40,000	43,000	45,616	(2,616)
Depreciation	-	-	224,743	(224,743)
Bank charges	4,000	4,000	3,300	700
Employee relations	2,000	2,000	846	1,154
Property and liability insurance	18,000	20,300	20,230	70
Other post employment benefits	20,000	20,000	20,000	-
GASB 68 pension expense	-	-	(90,175)	90,175
TOTAL OPERATING EXPENSES	<u>760,106</u>	<u>751,968</u>	<u>1,309,393</u>	<u>(557,425)</u>
OPERATING INCOME	<u>893,894</u>	<u>889,807</u>	<u>332,603</u>	<u>(557,204)</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	6,000	18,225	245,048	226,823
Intergovernmental revenues	-	-	103,877	-
Interest expense	-	-	(111,606)	(111,606)
Total Non-Operating Revenues (Expenses)	<u>6,000</u>	<u>18,225</u>	<u>237,319</u>	<u>115,217</u>
 INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	 899,894	 908,032	 569,922	 (338,110)
 CAPITAL CONTRIBUTIONS	 <u>-</u>	 <u>-</u>	 <u>877,094</u>	 <u>877,094</u>
 INCOME BEFORE TRANSFERS	 899,894	 908,032	 1,447,016	 538,984
 TRANSFERS OUT	 <u>(899,894)</u>	 <u>(908,032)</u>	 <u>(109,628)</u>	 <u>798,404</u>
 CHANGES IN NET POSITION	 -	 -	 1,337,388	 1,337,388
Net position at beginning of year, as restated	<u>4,911,307</u>	<u>4,911,307</u>	<u>4,911,307</u>	<u>-</u>
 NET POSITION AT END OF YEAR	 <u>\$ 4,911,307</u>	 <u>\$ 4,911,307</u>	 <u>\$ 6,248,695</u>	 <u>\$ 1,337,388</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2023

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			587,477	587,477
Court fines and assessments remitted to State Treasurer			323,928	323,928
Total Court Fines and Assessments retained			263,549	263,549
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			9,432	9,432
Assessments retained			28,590	28,590
Total Surcharges and Assessments retained for victim services			38,022	38,022

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	-		-
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	28,590		28,590
Victim Service Surcharges Retained by City/County Treasurer	9,432		9,432
Interest Earned	-		-
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	38,022		38,022

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2023

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	35,702		35,702
Operating Expenditures	2,320		2,320
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)	38,022		38,022
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	-		-

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STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	158
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	166
<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.	170
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	175
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	180

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

Table 01

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102	\$ 38,005,596	\$ 45,883,732	\$ 51,255,140	\$ 53,146,832	\$ 55,591,432	\$ 59,062,787	\$ 63,716,212
Restricted	2,213,701	2,074,462	2,351,821	6,077,735	4,019,313	3,862,325	3,932,339	3,410,355	3,617,271	4,497,369
Unrestricted	9,331,143	(13,305,020)	(12,331,352)	(9,668,156)	(16,772,297)	(21,520,227)	(19,529,042)	(13,575,391)	(23,333,081)	(20,381,622)
Total governmental activities net position	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571	\$ 34,415,175	\$ 33,130,748	\$ 33,597,238	\$ 37,550,129	\$ 45,426,396	\$ 39,346,977	\$ 47,831,959
Business-type activities										
Invested in capital assets, net of related debt	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266	\$ 95,268,914	\$ 101,751,447	\$ 102,974,482	\$ 111,026,196	\$ 106,120,448	\$ 117,455,280	\$ 124,413,735
Restricted	4,704,434	10,180,548	9,760,388	9,055,832	7,988,039	7,841,160	3,889,776	4,599,746	4,429,017	4,531,645
Unrestricted	35,629,092	24,556,756	29,552,940	29,988,158	28,028,320	32,777,199	30,712,626	45,259,277	41,583,187	27,750,841
Total business-type activities net position	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594	\$ 134,312,904	\$ 137,767,806	\$ 143,592,841	\$ 145,628,598	\$ 155,979,471	\$ 163,467,484	\$ 156,696,221
Primary government totals										
Invested in capital assets, net of related debt	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368	\$ 133,274,510	\$ 147,635,179	\$ 154,229,622	\$ 164,173,028	\$ 161,711,880	\$ 176,518,067	\$ 188,129,947
Restricted	6,918,135	12,255,010	12,112,209	15,133,567	12,007,352	11,703,485	7,822,115	8,010,101	8,046,288	9,029,014
Unrestricted	44,960,235	11,251,736	17,221,588	20,320,002	11,256,023	11,256,972	11,183,584	31,683,886	18,250,106	7,369,219
Total primary government net position	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165	\$ 168,728,079	\$ 170,898,554	\$ 177,190,079	\$ 183,178,727	\$ 201,405,867	\$ 202,814,461	\$ 204,528,180

Table 02

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

	2014	2015	2016	2017	2018	2019	#	2020	#	2021	#	2022	2023
Expenses													
Governmental activities:													
General government	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736	\$ 12,239,632	\$ 12,317,892	\$ 9,236,887		\$ 11,128,639		\$ 10,195,496		\$ 12,934,543	\$ 11,070,235
Public safety	14,418,964	14,941,776	14,544,967	14,958,057	15,066,903	14,208,407		15,338,078		17,323,051		17,557,569	19,129,166
Public works	6,893,527	6,875,207	6,646,686	6,829,919	7,500,862	6,037,673		7,797,621		7,864,732		8,070,452	12,499,915
Culture and recreation	4,767,511	4,967,947	4,954,024	4,547,612	5,088,425	4,280,394		3,546,944		3,707,902		3,669,105	6,015,554
Community development	1,235,708	777,787	937,622	1,550,188	2,387,177	16,067,752		3,491,822		7,960,433		11,698,721	2,395,379
Interest on debt	462,255	1,005,236	1,030,379	1,528,433	2,149,479	2,088,378		2,279,529		2,285,807		2,759,494	2,810,825
Total governmental activities expenses	35,225,974	37,444,921	36,758,414	41,653,841	44,510,738	51,919,491		43,582,633		49,337,421		56,689,884	53,921,074
Business-type activities:													
Water & Sewer	20,005,585	30,064,373	24,495,818	27,691,355	27,566,748	29,139,836		36,718,131		32,077,774		37,325,457	49,934,531
Stormwater	1,309,421	1,265,095	1,037,530	1,173,863	1,293,521	1,518,702		1,132,289		1,061,422		994,108	1,420,999
Total business-type activities expenses	21,315,006	31,329,468	25,533,348	28,865,218	28,860,269	30,658,538		37,850,420		33,139,196		38,319,565	51,355,530
Total primary government expenses	56,540,980	68,774,389	62,291,762	70,519,059	73,371,007	82,578,029		81,433,053		82,476,617		95,009,449	105,276,604
Program Revenues													
Governmental activities:													
Charges for services	15,232,023	15,749,432	15,884,921	17,253,231	17,282,058	18,140,380		17,771,616		18,324,617		18,794,231	20,874,203
Operating grants and contributions	1,611,072	2,475,584	2,248,462	5,562,426	2,655,631	2,712,773		2,944,931		4,413,900		4,427,069	3,484,566
Capital grants and contributions	-	4,799,532	189,356	5,501,991	1,051,725	941,560		85,000		1,417,451		-	898,045
Total governmental activities program revenues	16,843,095	23,024,548	18,322,739	28,317,648	20,989,414	21,794,713		20,801,547		24,155,968		23,221,300	25,256,814
Business-type activities:													
Charges for services:													
Water & Sewer	31,256,440	32,457,737	33,366,766	35,122,557	34,780,190	36,365,890		37,338,471		41,286,453		41,019,457	41,626,202
Stormwater	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619		1,351,507		1,500,912		1,613,654	1,633,062
Operating grants and contributions	-	-	-	-	-	-		-		-		-	-
Capital grants and contributions	226,298	366,838	-	-	1,190,748	191,335		3,347,746		3,338,645		-	2,810,558
Total business-type activities revenues	32,755,595	34,105,062	34,670,748	36,437,477	37,278,554	37,879,844		42,037,724		46,126,010		42,633,111	46,069,822
Total primary government revenues	49,598,690	57,129,610	52,993,487	64,755,125	58,267,968	59,674,557		62,839,271		70,281,978		65,854,411	71,326,636
Net (expense)/revenue													
Governmental activities	(18,382,879)	(14,420,373)	(18,435,675)	(13,336,193)	(23,521,324)	(30,124,778)		(22,781,086)		(25,181,453)		(33,468,584)	(28,664,260)
Business-type activities	11,440,589	2,775,594	9,137,400	7,572,259	8,418,285	7,221,306		4,187,304		12,986,814		4,313,546	(5,285,708)
Total primary government net expense	(6,942,290)	(11,644,779)	(9,298,275)	(5,763,934)	(15,103,039)	(22,903,472)		(18,593,782)		(12,194,639)		(29,155,038)	(33,949,968)

(Continued)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	9,462,898	9,617,294	9,958,587	10,657,474	10,815,950	11,022,616	11,280,518	11,655,963	12,429,234	12,168,471
Hospitality Fees	3,396,306	3,677,328	3,863,554	4,036,958	4,101,928	4,342,184	4,205,349	4,722,870	5,351,385	5,888,694
Unrestricted grants and contributions	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380	9,152,620	4,659,987	4,982,456	8,233,104	9,195,921
Investment earnings (losses)	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,753	(48,560)	958,456
Gain/(Loss) on disposal of assets	-	-	-	-	-	-	146,290	114,941	(334,568)	2,587,341
Miscellaneous	1,112,385	793,547	745,861	593,622	1,972,958	1,366,098	2,064,819	5,247,068	9,552,570	38,199
Transfers	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229	3,870,000	3,888,000	4,080,000	(1,515,086)	5,345,684
Total governmental activities	17,431,016	19,621,965	24,878,719	28,697,797	30,378,645	30,591,268	26,733,977	30,842,051	33,668,079	36,182,766
Business-type activities										
Investment earnings (losses)	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725	(43,469)	1,311,767
Miscellaneous	897,012	1,091,191	1,074,478	987,088	842,447	1,543,536	923,686	1,365,334	898,601	1,815,742
Transfers	(2,113,344)	(3,173,699)	(4,593,644)	(3,598,000)	(3,471,229)	(3,870,000)	(3,888,000)	(4,080,000)	1,515,086	(5,345,684)
Total business-type activities	(1,184,931)	(2,004,787)	(3,343,025)	(2,306,949)	(2,103,089)	(1,396,271)	(2,151,547)	(2,635,941)	2,370,218	(2,218,175)
Total Primary government	16,246,085	17,617,178	21,535,694	26,390,848	28,275,556	29,194,997	24,582,430	28,206,110	36,038,297	33,964,591
Changes in Net Position										
Governmental activities	(951,863)	5,201,592	6,443,044	15,361,604	6,857,321	466,490	3,952,891	5,660,598	199,495	7,518,506
Business-type activities	10,255,658	770,807	5,794,375	5,265,310	6,315,196	5,825,035	2,035,757	10,350,873	6,683,764	(7,503,883)
Total primary government	9,303,795	5,972,399	12,237,419	20,626,914	13,172,517	6,291,525	5,988,648	16,011,471	6,883,259	14,623

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
2014	\$ 9,462,898	\$ 11,334,578	\$ 3,396,306	\$ 637,172	\$ 24,830,954
2015	9,617,294	11,528,597	3,677,328	540,934	25,364,153
2016	9,958,587	11,711,268	3,863,554	549,212	26,082,621
2017	10,657,474	13,202,859	4,036,958	465,109	28,362,400
2018	10,815,950	13,444,405	4,101,928	416,398	28,778,681
2019	11,022,616	14,194,184	4,342,184	327,772	29,886,756
2020	11,280,518	14,116,655	4,205,349	235,123	29,837,645
2021	11,665,963	14,631,924	4,722,870	292,396	31,313,153
2022	12,429,234	15,866,364	5,351,385	230,050	33,877,033
2023	12,168,471	16,771,965	5,888,694	262,372	35,091,502

Table 04

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914	\$ 6,325,288	\$ 7,791,240	\$ 8,900,823	\$ 180,785	\$ 185,127
Restricted	-	-	-	-	-	-	-	22,969,900	3,365,708	334,929
Assigned	1,979,096	2,355,008	3,249,055	3,764,823	3,776,576	3,272,097	4,094,673	4,855,737	5,642,908	2,837,545
Unassigned	9,081,509	10,109,014	11,591,331	13,320,377	11,053,105	17,709,776	18,301,481	16,028,704	12,140,735	21,234,879
Total General Fund	<u>\$ 11,320,825</u>	<u>\$ 12,684,412</u>	<u>\$ 15,026,580</u>	<u>\$ 17,240,267</u>	<u>\$ 16,975,595</u>	<u>\$ 27,307,161</u>	<u>\$ 30,187,394</u>	<u>\$ 52,755,164</u>	<u>\$ 21,330,136</u>	<u>\$ 24,592,480</u>
All other governmental funds										
Nonspendable	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473	\$ 334,218	\$ 382,469	\$ 941,362	\$ 600,813	\$ 602,624
Restricted	17,846,136	15,347,557	14,621,783	28,880,415	40,327,171	22,670,970	18,436,319	16,242,292	23,718,755	21,695,556
Committed	596,233	522,669	411,240	174,408	9,816	375	128,732	1,476,180	1,931,919	743,175
Assigned	15,000	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 18,482,069</u>	<u>\$ 15,904,118</u>	<u>\$ 15,043,523</u>	<u>\$ 29,077,884</u>	<u>\$ 40,348,460</u>	<u>\$ 23,005,563</u>	<u>\$ 18,947,520</u>	<u>\$ 18,659,834</u>	<u>\$ 26,251,487</u>	<u>\$ 23,041,355</u>

Table 05

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property Taxes	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653	\$ 10,678,127	\$ 10,803,006	\$ 11,025,605	\$ 11,175,749	\$ 11,815,481	\$ 12,541,277	\$ 12,209,306
Licenses and fees	14,910,015	16,034,673	19,426,009	22,932,167	22,878,390	22,362,083	19,233,504	20,368,053	23,970,906	22,698,680
Intergovernmental	3,872,395	4,975,460	5,056,720	8,075,493	5,643,675	7,051,649	7,283,691	7,698,404	8,641,962	12,745,182
Charges for services	2,230,427	2,487,241	2,522,868	2,626,414	3,160,164	3,287,619	3,070,150	2,893,598	3,295,387	4,073,642
Fines and forfeitures	637,171	540,934	549,212	465,109	416,398	327,772	235,123	292,396	230,050	262,372
Investment earnings (losses)	25,579	66,674	121,779	256,538	548,200	837,750	489,014	38,984	(48,560)	958,456
Miscellaneous	534,793	654,253	536,381	2,783,624	3,562,056	7,730,916	3,690,323	8,500,507	9,981,621	2,166,731
Total revenues	<u>31,704,936</u>	<u>34,375,018</u>	<u>38,144,622</u>	<u>47,817,472</u>	<u>47,011,889</u>	<u>52,623,394</u>	<u>45,177,554</u>	<u>51,607,423</u>	<u>58,612,643</u>	<u>55,114,369</u>
Expenditures										
Current										
General government	7,315,367	6,911,151	7,558,246	9,791,500	9,858,059	8,597,921	9,401,450	8,900,000	12,028,840	10,769,225
Public safety	14,001,197	14,240,947	13,820,581	14,060,888	13,906,863	14,583,043	14,674,771	15,138,931	16,142,660	18,093,868
Public works	6,116,375	5,995,862	5,802,639	6,067,821	6,142,350	6,486,423	7,003,092	6,865,394	7,371,799	10,196,500
Culture and recreation	3,960,994	4,282,804	4,273,709	3,961,033	4,511,694	4,430,894	3,280,478	3,238,970	3,341,267	4,572,738
Community development	1,418,149	777,787	937,622	1,550,188	2,300,015	16,088,454	3,455,168	7,151,058	11,132,874	2,396,301
Debt Service										
Principal	8,410,196	1,677,644	1,855,632	16,891,310	4,059,191	5,267,602	10,595,239	1,742,999	3,487,354	3,821,487
Interest	473,483	1,002,763	1,012,960	1,597,432	2,209,172	2,069,257	2,279,529	2,285,807	2,759,494	2,810,825
Capital Outlay	<u>1,234,356</u>	<u>4,649,677</u>	<u>15,655,333</u>	<u>16,935,888</u>	<u>12,081,550</u>	<u>13,558,083</u>	<u>7,773,173</u>	<u>12,896,713</u>	<u>22,380,175</u>	<u>8,169,460</u>
Total expenditures	<u>42,930,117</u>	<u>39,538,635</u>	<u>50,916,722</u>	<u>70,856,060</u>	<u>55,068,894</u>	<u>71,081,677</u>	<u>58,462,900</u>	<u>58,219,872</u>	<u>78,644,463</u>	<u>60,830,404</u>
Excess of revenues under expenditures	<u>(11,225,181)</u>	<u>(5,163,617)</u>	<u>(12,772,100)</u>	<u>(23,038,588)</u>	<u>(8,057,005)</u>	<u>(18,458,283)</u>	<u>(13,285,346)</u>	<u>(6,612,449)</u>	<u>(20,031,820)</u>	<u>(5,716,035)</u>
Other financing sources (uses)										
Premium on bonds issued	-	-	-	-	-	-	-	1,897,235	-	-
Issuance of debt	23,734,000	-	6,750,000	35,570,000	15,334,554	7,100,000	7,365,000	45,822,000	-	-
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	(23,310,388)	-	-
Insurance proceeds	487,788	296,753	246,904	118,636	234,726	214,552	189,986	12,296	238,611	84,118
Transfers in	4,338,317	4,315,923	5,985,842	23,075,136	5,548,735	5,601,553	5,487,210	5,617,612	18,992,331	13,014,460
Transfers out	(2,224,973)	(1,142,224)	(1,392,198)	(19,477,136)	(2,077,506)	(1,731,553)	(1,599,210)	(1,537,612)	(20,507,417)	(7,668,776)
Subscription asset	-	-	-	-	-	-	-	-	-	300,246
Proceeds from sale of propetry	-	-	777,040	-	-	-	448,335	114,941	74,585	38,199
Proceeds of lease	705,308	478,801	1,886,085	-	32,400	252,400	216,215	267,104	2,875,000	-
Total other financing sources	<u>27,040,440</u>	<u>3,949,253</u>	<u>14,253,673</u>	<u>39,286,636</u>	<u>19,072,909</u>	<u>11,436,952</u>	<u>12,107,536</u>	<u>28,883,188</u>	<u>1,673,110</u>	<u>5,768,247</u>
Net change in governmental fund balance	<u>\$ 15,815,259</u>	<u>\$ (1,214,364)</u>	<u>\$ 1,481,573</u>	<u>\$ 16,248,048</u>	<u>\$ 11,015,904</u>	<u>\$ (7,021,331)</u>	<u>\$ (1,177,810)</u>	<u>\$ 22,270,739</u>	<u>\$ (18,358,710)</u>	<u>\$ 52,212</u>
Debt service as a percentage of non-capital expenditures	21.3%	7.7%	8.1%	34.3%	14.6%	12.8%	25.4%	8.9%	11.1%	12.6%

Table 06

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Water & Sewer										
Service Fees	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063	\$ 34,288,028	\$ 33,782,797	\$ 35,410,622	\$ 36,286,804	\$ 40,026,598	\$ 39,750,584	\$ 40,496,498
Sewer Surcharges	50,664	21,944	17,698	102	-	-	-	-	-	15,614
Cut on Fees	187,447	190,132	151,209	159,534	167,278	216,056	146,174	225,834	170,550	205,265
Water & Sewer										
Tap Fees	568,610	706,918	778,005	834,426	997,393	955,267	1,051,666	1,259,855	1,268,873	1,114,090
Service Charges	226,691	246,082	243,994	249,883	234,730	253,514	220,505	248,433	285,224	254,151
Late Fees	404,942	472,545	427,652	358,480	228,925	446,945	306,362	432,262	405,777	331,392
Stormwater Fees	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616	1,322,619	1,351,507	1,500,912	1,613,654	1,633,062
Investment earnings (losses)	31,401	77,721	176,141	303,963	525,693	930,193	812,767	78,725	(43,469)	1,311,767
Intergovernmental revenues	-	-	-	-	-	-	-	-	384,702	569,991
Miscellaneous	304,230	2,508,622	3,307,917	2,055,470	3,405,836	2,956,237	3,928,843	451,235	1,266,514	454,943
Total revenues	<u>33,684,008</u>	<u>37,233,327</u>	<u>38,977,661</u>	<u>39,564,806</u>	<u>40,650,268</u>	<u>42,491,453</u>	<u>44,104,628</u>	<u>44,223,854</u>	<u>45,102,409</u>	<u>46,386,773</u>
Expenses										
Current										
Engineering	924,838	958,134	1,002,782	1,003,953	1,197,154	1,318,545	1,341,334	1,202,548	1,412,374	1,675,972
Utility Finance	1,694,928	1,732,099	1,735,464	1,711,197	1,847,515	2,904,847	2,420,643	2,396,804	2,446,754	2,097,323
Wastewater Treatment	3,775,600	3,841,748	4,051,886	4,520,864	4,392,813	4,506,251	4,874,320	4,853,527	5,159,959	6,578,636
Water Production	2,826,265	3,431,693	2,863,744	3,120,877	3,430,311	3,394,281	3,298,390	3,648,554	3,919,460	4,921,055
Distribution Operations	1,737,163	1,524,071	1,480,868	1,769,187	1,990,835	2,219,387	2,247,003	2,172,175	2,122,390	2,372,915
Collection Operations	971,134	1,157,306	1,122,358	1,192,920	1,183,288	1,567,868	2,104,728	1,220,178	1,141,741	1,465,307
Stormwater	1,245,346	1,208,065	1,202,009	1,216,984	1,302,041	1,241,744	1,095,118	1,052,922	812,253	1,309,393
Non-departmental	8,139,732	19,435,705	15,130,531	16,165,514	15,519,886	15,643,495	20,799,335	13,246,273	19,888,628	38,815,739
Net Interdepartmental										
Transfer	<u>2,113,344</u>	<u>3,173,699</u>	<u>4,593,644</u>	<u>3,598,000</u>	<u>3,471,229</u>	<u>3,870,000</u>	<u>3,888,000</u>	<u>4,080,000</u>	<u>1,515,086</u>	<u>(5,345,684)</u>
Total expense	<u>23,428,350</u>	<u>36,462,520</u>	<u>33,183,286</u>	<u>34,299,496</u>	<u>34,335,072</u>	<u>36,666,418</u>	<u>42,068,871</u>	<u>33,872,981</u>	<u>38,418,645</u>	<u>53,890,656</u>
Net change in net position	<u>\$ 10,255,658</u>	<u>\$ 770,807</u>	<u>\$ 5,794,375</u>	<u>\$ 5,265,310</u>	<u>\$ 6,315,196</u>	<u>\$ 5,825,035</u>	<u>\$ 2,035,757</u>	<u>\$ 10,350,873</u>	<u>\$ 6,683,764</u>	<u>\$ (7,503,883)</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>
2014	\$ 9,494,556	\$ 11,334,578	\$ 3,396,306	\$ 637,172	\$ 24,862,612
2015	9,615,783	11,528,597	3,677,328	540,934	25,362,642
2016	9,931,653	11,711,268	3,863,554	549,212	26,055,687
2017	10,678,127	13,202,859	4,036,958	465,109	28,383,053
2018	10,803,006	13,444,405	4,101,928	416,398	28,765,737
2019	11,025,605	14,194,184	4,342,184	327,772	29,889,745
2020	11,175,749	14,116,655	4,205,349	235,123	29,732,876
2021	11,815,481	14,631,924	4,722,870	292,396	31,462,671
2022	12,541,277	15,866,364	5,351,385	230,050	33,989,076
2023	12,209,306	16,771,965	5,888,694	262,372	35,132,337

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					
2014	2013	55,007,595	71,270,577	16,326,470	17,496,320	4,737,361	155,363,601	56.7	2,990,280,434	5.20
2015	2014	55,965,147	72,424,916	17,531,340	18,490,006	4,881,047	159,530,362	56.5	3,062,438,917	5.21
2016	2015	58,302,456	73,973,466	18,682,293	19,513,566	4,740,033	165,731,748	56.5	3,173,815,982	5.22
2017	2016	59,216,059	75,218,067	18,500,010	18,659,525	4,750,814	166,842,847	60.2	3,206,808,386	5.20
2018	2017	60,517,843	76,675,665	17,804,980	18,027,813	4,900,954	168,125,347	60.9	3,245,683,279	5.18
2019	2018	61,339,923	78,468,995	17,553,902	19,079,875	5,130,815	171,311,880	60.9	3,303,296,869	5.19
2020	2019	62,792,921	77,028,934	18,928,192	17,338,196	5,368,773	170,719,470	61.8	3,316,691,790	5.15
2021	2020	64,022,016	82,425,588	19,077,772	18,396,620	5,404,271	178,517,725	63.1	3,451,217,526	5.17
2022	2021	66,646,905	83,106,068	20,467,620	17,752,069	5,581,628	182,391,034	63.1	3,543,860,394	5.15
2023	2022	68,458,418	85,801,721	21,787,990	17,640,671	5,546,753	188,142,047	63.1	3,497,569,382	5.38

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		
2014	2013	53.7	3.0	56.7	75.4	9.0	84.4	189.3	31.7	221.0	4.9	367.0
2015	2014	53.7	2.8	56.5	73.0	8.5	81.5	192.7	29.4	222.1	4.9	365.0
2016	2015	53.7	2.8	56.5	74.6	9.6	84.2	197.3	30.4	227.7	4.9	373.3
2017	2016	57.4	2.8	60.2	74.6	12.7	87.3	197.5	31.5	229.0	4.9	381.4
2018	2017	58.1	2.8	60.9	75.6	12.7	88.3	197.5	32.0	229.5	4.9	383.6
2019	2018	58.1	2.8	60.9	77.3	12.7	90.0	201.7	31.5	233.2	0.0	384.1
2020	2019	59.1	2.7	61.8	78.2	12.5	90.7	206.6	31.2	237.8	9.7	400.0
2021	2020	59.1	4.0	63.1	79.6	14.9	94.5	206.6	32.0	238.6	4.9	401.1
2022	2021	59.1	4.0	63.1	80.6	14.9	95.5	206.6	59.2	265.8	4.9	429.3
2023	2022	59.1	4.0	63.1	84.4	13.6	98.0	206.6	47.2	253.8	4.9	419.8

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	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
Duke Energy Progress	\$ 5,023,780	1	2.59%	\$ 3,105,930	3	1.94%
McLeod Regional Medical Center	3,324,650	2	1.72	2,642,810	4	1.65
Magnolia, LLC	3,142,290	3	1.62	3,239,410	2	2.02
Raldex, Inc	2,218,070	4	1.15	1,635,250	7	1.03
Florence Mall	1,583,160	5	0.82	1,797,550	5	1.12
Wal-Mart	1,479,170	6	0.76	1,542,070	8	0.96
Holcombe Land Development	1,299,690	7	0.67	1,408,870	9	0.88
HCP Medical Offices	1,285,060	8	0.66			
Hoffmeyer Road Development, LLC	1,119,840	9	0.58			
Dominion Energy South Carolina	1,075,010	10	0.56			
Carolinas Hospital System				17,931,580	1	11.20
BellSouth Telecommunications				1,774,630	6	1.11
South Carolina Electric and Gas				886,700	10	0.55

Source: Florence County

(1) Total Assessed Value for 2023 was \$193,688,800

(2) Total Assessed Value for 2014 was \$160,100,962

Table 11

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections of Prior Tax Year's Levy in Subsequent Fiscal Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Original Levy</u>
2013	2012	\$9,002,920	\$8,831,673	98.10%	\$ 169,119	\$9,000,792	99.98%
2014	2013	9,077,725	8,950,117	98.59	123,687	9,073,804	99.96
2015	2014	9,289,810	9,077,292	97.71	209,040	9,286,332	99.96
2016	2015	9,631,656	9,385,169	97.44	242,492	9,627,661	99.96
2017	2016	10,329,938	9,998,304	96.79	327,506	10,325,810	99.96
2018	2017	10,537,302	10,109,320	95.94	423,353	10,532,673	99.96
2019	2018	10,743,520	10,299,117	95.86	442,479	10,741,596	99.98
2020	2019	10,882,253	10,460,787	96.13	378,617	10,839,404	99.61
2021	2020	11,605,478	11,108,157	95.71	439,176	11,547,333	99.50
2022	2021	11,861,075	11,650,565	98.23	109,771	11,760,336	99.15
2023	2022	11,643,303	11,340,398	97.40	177,139	11,517,537	98.92

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	Leases	Subscription Payable	Revenue Bonds	Notes Payable	Leases			
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	2.20	5,076
2021	8,487,000	79,623,483	220,000	4,759,539	-	106,955,213	18,208,157	-	218,253,392	2.35	5,418
2022	7,906,000	77,229,380	155,000	5,157,293	-	107,971,351	17,155,629	1,880,836	217,455,489	2.17	5,374
2023	7,317,000	74,678,277	90,000	4,613,201	227,954	101,831,048	16,086,393	1,728,310	206,572,183	*	5,155

(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>
2014	37,963	\$ 160,100,962	\$ 4,550,124	\$ 521,650	\$ 4,028,474	2.52%	\$ 106
2015	37,894	164,411,409 ⁽²⁾	4,258,515	545,841	3,712,674	2.26	98
2016	37,780	170,471,781	10,702,785	579,706	10,123,079	5.94	268
2017	37,778	171,593,661	8,382,433	603,908	7,778,525	4.53	206
2018	38,155	173,026,301	6,046,942	744,853	5,302,089	3.06	139
2019	38,918	176,442,695	10,795,778	783,344	10,012,434	5.67	257
2020	39,899	176,088,243 ⁽²⁾	9,943,388	766,297	9,177,091	5.21	230
2021	40,297	183,921,996	8,487,000	959,767	7,527,233	4.09	187
2022	40,467	187,972,662	7,906,000	915,062	6,990,938	3.72	173
2023	40,072	193,688,800	7,317,000	955,774	6,361,226	3.28	159

(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, 2023**

<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	\$206,572,183	100.00%	\$206,572,183
Overlapping:⁽²⁾			
Florence County	122,227,000	36.54%	44,667,477
Florence School District 1	<u>39,070,000</u>	45.22%	<u>17,667,131</u>
Total Overlapping Debt	\$161,297,000		\$62,334,608
Total Direct & Overlapping Debt	<u><u>\$367,869,183</u></u>		<u><u>\$268,906,791</u></u>

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

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

Table 15

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$12,808,077	\$13,153,714	\$13,637,742	\$13,727,493	\$13,842,104	\$14,115,416	\$14,087,059	\$14,713,760	\$15,037,813	\$15,495,104
Total net debt applicable to limit	<u>4,028,474</u>	<u>3,712,674</u>	<u>10,123,079</u>	<u>7,778,525</u>	<u>5,302,089</u>	<u>10,012,434</u>	<u>9,177,091</u>	<u>7,527,233</u>	<u>6,990,938</u>	<u>6,361,226</u>
Legal Debt Margin	<u>\$8,779,603</u>	<u>\$9,441,040</u>	<u>\$3,514,663</u>	<u>\$5,948,968</u>	<u>\$8,540,015</u>	<u>\$4,102,982</u>	<u>\$4,909,968</u>	<u>\$7,186,527</u>	<u>\$8,046,875</u>	<u>\$9,133,878</u>
Total net debt applicable to the limit as a percentage of debt limit	31.45%	28.23%	74.23%	56.66%	38.30%	70.93%	65.15%	51.16%	46.49%	41.05%

Legal Debt Margin Calculation for Fiscal Year 2023

Taxable Assessed Value - 2023	\$193,688,800
Add back: exempt real property	
Total Assessed Value	<u>\$193,688,800</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$15,495,104
Debt applicable to limit:	
Total Bonded Debt	\$7,317,000
Less Amounts Available in Debt Service Fund	(955,774)
Less Deductions Allowed by Law	-
Total Net Debt Applicable to Limit	<u>6,361,226</u>
Legal Debt Margin	<u>\$9,133,878</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	
2014	\$ 33,472,326	\$ 13,783,991	\$ 19,688,335	\$ 4,131,881	\$ 5,639,266	\$ 9,771,147	2.01
2015	34,957,530	14,353,564	20,603,966	4,800,775	5,819,375	10,620,150	1.94
2016	35,931,291	14,153,794	21,777,497	5,124,838	5,729,248	10,854,086	2.01
2017	37,740,275	15,387,905	22,352,370	4,139,531	5,620,848	9,760,379	2.29
2018	37,472,909	16,427,897	21,045,012	4,383,802	5,358,549	9,742,351	2.16
2019	40,164,456	18,045,007	22,119,449	4,673,239	5,295,940	9,969,179	2.22
2020	39,842,147	19,535,689	20,306,458	3,423,417	5,381,508	8,804,925	2.31
2021	42,603,619	18,486,474	24,117,145	5,819,241	3,002,796	8,822,037	2.73
2022	41,766,830	18,299,052	23,467,778	5,916,787	3,431,575	9,348,362	2.51
2023	43,797,248	22,144,730	21,652,518	6,063,057	3,074,797	9,137,854	2.37

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

(2) Total Operating Revenues exclusive of grants and sale of assets.

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

(4) Does not include debt service requirements for bonds secured by a junior lien on System Revenues. Total debt service on such junior lien bonds in Fiscal Year 2022-23 was \$ 1,887,251

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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Personal Income (in millions)⁽²⁾</u>	<u>Per Capita Personal Income⁽²⁾</u>	<u>Public School Enrollment⁽³⁾</u>	<u>Unemployment Rate⁽⁴⁾</u>
2014	37,963	7,292	34,864	16,579	7.4
2015	37,894	7,526	36,471	16,694	7.5
2016	37,780	7,654	37,158	15,846	5.4
2017	37,778	8,005	38,892	16,304	4.5
2018	38,155	8,286	40,413	16,500	3.1
2019	38,918	8,696	42,439	15,906	3.6
2020	39,899	9,221	45,178	15,583	8.8
2021	40,290	9,292	46,546	15,341	4.3
2022	40,467	10,040	50,386	16,064	3.1
2023	40,072	*	*	15,960	3.6

* Information not yet available

(1) 2020 is the U.S. Census population, all other years are estimates or City of Florence Finance Department

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

(3) Florence School District One figures are for prior year

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

Table 18

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

<u>Employer</u>	<u>2023</u>			<u>2014⁽³⁾</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total Employment⁽²⁾</u>
McLeod Regional Medical Center	6,000	1	9.4%	6,650	1	11.2%
Florence School District One	2,300	2	3.6	2,282	2	3.9
Administrators/TRICARE (BCBS)	1,200	3	1.9	1,358	3	2.3
Olsten Staffing Service	1,180	6	1.8			
MUSC Health	1,100	5	1.7			
The Assurant Group	1,100	4	1.7	1,274	5	2.2
Florence County	800	7	1.3	840	6	1.4
Hope Health	701	9	1.1			
Nightingales Nursing Care	609	8	1.0	600	8	1.0
City of Florence	511	10	0.8	485	9	0.8
Walmart				652	7	1.1
Florence Co. Disabilities & Spec. Needs				270	10	0.5
Carolinas Hospital System				1,300	4	2.2
SC DHEC						
Totals			<u>24.3%</u>			<u>26.6%</u>

(1) Total employment for June 2023: 63,798
(2) Total County employment for June 2013: 59,272
(3) City information is not available.

Table 19

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

Customer	Type of Business	2023			2014		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Niagara	Manufacturing	1	\$ 722,612	3.82%			
Ruiz Foods	Manufacturing	2	566,229	2.99%			
McLeod Regional Medical Center	Medical Services	3	539,559	2.85%	1	232,064	1.57%
Francis Marion University	University	4	349,307	1.85%	3	166,573	1.12
Florence County	County Government	5	346,671	1.83%			
Florence School District 1	Public School	6	265,816	1.40%			
Florence County Housing Authority	Housing	7	203,973	1.08%			
Thermo Fisher Scientific/Patheon	Manufacturing	8	164,656	0.87%			
Buc-ee's	Retail	9	148,380	0.78%			
International Food House	Manufacturing	10	146,717	0.78%	9	47,108	0.32
Johnson Controls	Manufacturing				2	211,806	1.43
Heinz	Manufacturing				4	121,610	0.82
Roche Carolina	Manufacturing				5	112,600	0.76
Carolinas Hospital System	Medical Services				6	80,933	0.55
Forest Lake Apartments	Apartments				7	70,581	0.48
Habitat 2000	Apartments				8	50,037	0.34
Connander Nursing Home	Medical Services				10	46,560	0.31
TOTALS			<u>\$ 3,453,918</u>	<u>18.25%</u>		<u>1,139,872</u>	<u>7.70%</u>
2023 Total Billed Revenue:	\$18,928,265						
2014 Total Billed Revenue:	\$14,817,013						

Table 20

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

Customer	Type of Business	2023			2014		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Niagra	Manufacturing	1	\$ 706,272	3.27%			
Ruiz Foods	Manufacturing	2	528,977	2.45%			
McLeod Regional Hospital	Medical Services	3	413,184	1.92%	1	\$287,507	1.83%
Francis Marion University	University	4	276,734	1.28%	2	254,647	1.62
Florence County	Government	5	226,306	1.05%			
Florence School District 1	Public School	6	159,391	0.74%			
Thermo Fisher Scientific/Patheon	Manufacturing	7	155,587	0.72%			
Florence County Housing Auth.	Housing	8	148,264	0.69%			
Sedgefield Apartments	Apartments	9	131,443	0.61%			
International Food House	Apartments	10	112,281	0.52%			
Heinz	Manufacturing				3	209,550	1.34
Koppers	Manufacturing				4	185,185	1.18
ESAB	Manufacturing				5	159,557	1.02
Johnson Controls	Manufacturing				6	132,214	0.84
Darlington County Water & Sewer	Government				7	131,739	0.84
Roche Carolina	Manufacturing				8	118,908	0.76
Forest Lake Apartments	Apartments				9	105,693	0.67
Carolinas Hospital System	Medical Services				10	99,707	0.64
TOTALS			<u>\$2,858,441</u>	<u>13.25%</u>		<u>\$1,684,707</u>	<u>10.75%</u>

2023 Total Billed Revenues: \$21,568,233

2014 Total Billed Revenues: \$15,678,565

Table 21

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

	<u>2014⁽¹⁾</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽²⁾</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Water Customers:										
Residential	28,740	28,920	29,088	29,064	28,321	28,833	29,405	29,916	30,327	30,588
Commercial	3,139	3,136	3,149	3,289	3,540	3,567	3,616	3,644	3,666	3,672
Industrial	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
Total	<u>31,881</u>	<u>32,058</u>	<u>32,239</u>	<u>32,355</u>	<u>31,863</u>	<u>32,400</u>	<u>33,021</u>	<u>33,560</u>	<u>33,997</u>	<u>34,264</u>
Sewer Customers:										
Residential	18,648	18,808	18,991	18,976	18,368	18,877	19,351	19,764	20,071	20,326
Commercial	2,368	2,348	2,360	2,466	2,390	2,399	2,440	2,462	2,475	2,481
Industrial	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>
Total	<u>21,020</u>	<u>21,160</u>	<u>21,353</u>	<u>21,444</u>	<u>20,760</u>	<u>21,277</u>	<u>21,792</u>	<u>22,227</u>	<u>22,551</u>	<u>22,812</u>

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

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

Table 22

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75	\$ 14.00	\$ 14.25	\$ 14.40	\$ 14.55	\$ 14.70
1"	27.15	37.70	28.25	28.80	29.35	29.90	30.45	30.75	31.05	31.35
1 1/4"	39.15	39.95	40.75	41.55	42.35	43.15	43.95	44.38	44.80	45.23
1 1/2"	51.15	52.20	53.25	54.30	55.35	56.40	57.45	58.00	58.55	59.10
2"	79.95	81.60	83.25	84.90	86.55	88.20	89.85	90.70	91.55	92.40
3"	156.75	159.90	163.25	166.50	169.75	169.80	176.25	177.90	179.55	181.20
4"	243.15	248.20	253.25	258.30	263.35	268.40	273.45	276.00	278.55	281.10
6"	480.15	493.20	503.25	513.30	523.35	533.40	543.45	548.50	553.55	558.60
8"	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50	883.55	891.60
Volume Rate (per 1,000 gallons)	1.87	1.91	1.95	1.99	2.03	2.07	2.11	2.13	2.14	2.16
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	18.51	18.88	19.25	19.62	19.99	20.36	20.73	20.94	21.15	\$ 21.36
1"	41.55	42.40	43.25	44.10	64.94	45.80	46.65	47.10	47.55	48.00
1 1/4"	60.75	62.00	63.25	64.50	86.55	67.00	68.25	68.91	69.55	70.21
1 1/2"	79.95	81.60	83.25	84.90	136.47	88.20	89.85	90.70	91.55	92.40
2"	126.03	128.64	131.25	133.86	136.47	139.08	141.69	143.02	144.35	145.68
3"	248.91	254.08	259.25	264.42	269.59	276.76	279.93	282.54	285.15	287.76
4"	387.15	395.20	403.25	411.30	419.35	427.40	435.45	439.50	443.55	447.60
6"	771.15	787.20	803.25	819.30	835.35	851.40	867.45	875.50	883.55	891.60
8"	1,231.95	1,257.60	1,283.25	1,308.90	1,334.55	1,360.20	1,385.85	1,398.70	1,411.55	1,424.40
Volume Rate (per 1,000 gallons)	2.99	3.06	3.12	3.18	3.25	3.31	3.34	3.37	3.40	3.43

(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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30	\$ 26.05	\$ 56.80	\$ 27.05	\$ 27.30	\$ 27.55
1"	51.15	52.63	54.23	55.83	57.55	59.28	61.00	61.55	62.10	62.65
1 1/4"	75.03	77.19	79.54	81.89	141.98	86.96	89.50	90.30	91.10	91.90
1 1/2"	98.90	101.75	104.85	107.95	111.30	114.65	118.00	119.05	120.10	121.15
2"	156.20	167.70	165.60	170.50	175.80	181.10	186.40	188.05	189.70	191.35
3"	309.00	317.90	327.60	337.30	347.80	358.30	368.80	372.05	375.30	378.55
4"	480.90	494.75	509.85	524.95	541.30	557.65	574.00	579.05	584.10	589.15
6"	958.40	986.00	1,016.10	1,046.20	1,078.80	1,111.40	1,144.00	1,154.05	1,164.10	1,174.15
8"	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	1,844.05	1,860.10	1,876.15
Volume Rate (per 1,000 gallons)	2.71	2.79	2.87	2.96	3.05	3.14	3.23	3.26	3.29	3.31
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	33.96	34.94	36.00	37.06	38.20	39.34	40.48	40.84	41.22	\$ 41.59
1"	79.80	82.11	84.61	87.11	89.80	92.51	95.20	96.05	96.90	97.75
1 1/4"	118.01	121.40	125.10	128.80	132.81	136.80	140.80	142.05	143.30	144.55
1 1/2"	156.20	160.70	165.60	170.50	175.80	181.10	186.40	188.05	189.70	191.35
2"	247.88	255.02	262.60	270.58	279.00	287.42	295.84	298.45	301.06	303.67
3"	492.36	506.54	522.00	537.46	554.20	570.94	587.68	592.85	598.02	603.19
4"	767.40	789.50	813.60	837.70	863.80	889.90	916.00	924.05	932.10	940.15
6"	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80	1,775.90	1,828.00	1,844.05	1,860.10	1,876.15
8"	2,448.20	2,518.70	2,595.60	2,672.50	2,755.80	2,839.10	2,922.40	2,948.05	2,973.70	2,999.35
Volume Rate (per 1,000 gallons)	4.21	4.34	4.46	4.59	4.88	5.02	5.17	5.22	5.26	5.28

(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⁾									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government Admin.	12	11	11	11	12	13	12	14	14	16
Finance Department	9	9	9	9	9	9	9	9	9	9
Personnel Department	5	6	6	6	6	6	6	6	5	5
Community Services Department	8	5	5	5	6	6	6	6	6	8
Public Safety										
Police	146	150	149	149	137	137	137	132	132	126
Fire	86	85	85	85	86	85	85	91	97	98
Total Public Safety	232	235	234	234	223	222	222	223	229	224
Public Works Department										
Streets and Beautification	50	50	50	50	51	53	52	51	51	51
Sanitation	27	27	27	27	26	26	28	28	32	34
Equipment Maintenance	7	7	7	7	7	7	7	7	8	8
Total Public Works	84	84	84	84	84	86	87	86	91	93
Parks and Recreation	26	26	27	27	32	30	32	33	33	39
Urban Planning & Development	4	4	4	4	5	4	5	5	5	5
Buildings Inspections & Permits ⁽²⁾	0	0	0	0	5	5	5	5	5	5
Water and Sewer	118	120	121	127	128	132	139	139	148	150
Stormwater	8	8	8	8	8	8	8	8	8	8
Total Employees	506	508	509	515	518	521	531	534	553	562

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical Arrests	3,386	3,009	4,448	3,566	3,847	2,190	2,995	2,055	2,466	3,529
Traffic Violations	6,693	9,758	7,454	9,578	9,181	6,497	5,004	5,276	4,846	3,044
Parking Violations	355	148	355	292	218	124	108	384	299	737
Fire										
Calls Answered	2,520	2,923	3,131	3,215	3,279	4,346	4,660	4,261	4,751	4,546
Inspections	1,744	1,341	1,595	1,281	1,462	2,845	3,916	2,730	3,708	4,030
Water System										
Service Connections ⁽¹⁾	31,949	32,179	32,239	32,355	31,861	32,319	33,021	38,178	39,327	39,327
Average daily production (in millions of gallons)	12.65	13.62	12.50	13.20	12.82	13.67	14.09	14.49	15.35	15.35
Maximum daily capacity (in millions of gallons)	26.46	26.46	26.46	26.50	26.50	26.50	26.50	26.50	26.50	26.50
Wastewater System										
Service connections ⁽¹⁾	21,070	21,259	21,353	21,444	20,758	21,197	21,792	25,563	25,871	25,871
Average daily treatment (in millions of gallons)	12.21	11.14	11.27	12.06	10.51	18.33	11.86	12.95	11.40	11.40
Maximum daily capacity (in millions of gallons)	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00

Source: Various City departments.

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

Table 26

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	2	2	2	2	2	2	2	2	2
Resource Centers	4	3	4	4	3	3	0	0	0	0
Patrol units	168	164	159	159	158	133	157	130	130	137
Fire Stations	5	5	5	5	5	5	5	6	6	6
Highways and Streets										
Streets (in miles)	103	103	103	112	114	114	115	117	120	122
Streetlights (Leased)	6,756	6,996	7,121	7,389	7,490	7,632	7,721	7,721	7,721	7,721
Culture and Recreation										
Community centers	5	5	5	5	5	5	6	6	6	6
Parks	18	18	19	19	19	19	19	19	20	20
Park acreage	655	655	669	669	706	706	706	706	790	790
Tennis courts	50	50	50	50	50	50	50	51	45	45
Water System										
Water mains (in miles)	796	806	841	843	844	849	850	852	856	860
Fire hydrants	2,547	2,577	2,666	2,733	2,750	2,780	2,787	2,800	2,821	2,844
Wastewater System										
Sanitary sewers (in miles)	507	507	507	507	508	508	509	512	514	517
Treatment plants	2	2	2	2	2	2	2	2	2	2
Stormwater System										
Storm sewers (in miles)	76	76	77	77	77	95	96	97	100	102

Source: Various City departments.

CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
June 30, 2023

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Equivalent Positions	562
Area in square miles	31.20
 Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,447
 Education	
Number of elementary schools	14
Number of elementary school instructors	543
Number of secondary schools	9
Number of secondary school instructors	597
 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 2022-23	5,065
New Business Licenses issued for Fiscal Year 2022-23	625
 Business License Receipts	 \$ 12,272,178
Percent change in Business License receipts from prior year	4.39%
 Franchise Fee Receipts	 \$ 4,489,399
Percent change in Franchise Fee receipts from prior year	9.10%
 Population (estimated population)	 40,072
City of Florence gross retail sales for calendar year 2022.	\$ 4,094,242,881
Per Capita spending for calendar year 2022	\$ 102,172
 Outstanding General Obligation Debt	 \$ 7,317,000
Outstanding Revenue Debt	\$ 176,509,325
 City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
 Residential construction permits issued	 406
Construction value	\$ 62,633,010
Commercial construction permits issued	26
Construction value	\$ 26,262,250

SINGLE AUDIT SECTION

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Florence, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Florence, South Carolina's major federal programs for the year ended June 30, 2023. The City of Florence, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Florence, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Florence, South Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Florence, South Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Florence, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

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

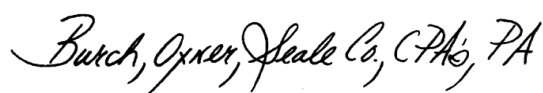
Report on Internal Control Over Compliance

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

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

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

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



Florence, South Carolina

October 27, 2023

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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	\$ 63,476	\$ 286,363
Total Direct Department of Housing and Urban Development			<u>63,476</u>	<u>286,363</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	29,280
Neighborhood Stabilization Program	14.228	11-NSP-116	-	35,791
Passed through S.C. Office of Resilience				
Subtotal CFDA 14.228			-	65,071
Total Department of Housing and Urban Development			<u>63,476</u>	<u>351,434</u>
U.S. Department of Justice				
Direct Programs				
Bulletproof Vest Partnership Program	16.607	N/A	-	35,222
Total Department of Justice			<u>-</u>	<u>35,222</u>
U.S. Department of Administration				
Direct Program				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	822,519
Total Department of Administration			<u>-</u>	<u>822,519</u>
U.S. Department of Environmental Protection Agency				
Direct Program				
Browns Field Assesment and Cleanup Cooperative Agreement	66.818	N/A	-	54,156
Total Department of Environmental Protection Agency			<u>-</u>	<u>54,156</u>
U.S. Department of Homeland Security				
Direct Program				
Federal Emergency Management Agency	97.036	N/A	-	14,533
Total Department of Homeland Security			<u>-</u>	<u>14,533</u>
Total Expenditures of Federal Awards			<u>\$ 63,476</u>	<u>\$ 1,277,864</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, 2023

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, 2023, 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	\$ 4,366,033
Total Environmental Protection Agency		<u>4,366,033</u>
Total Loans Outstanding		<u>\$ 4,366,033</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	\$ 63,476

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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 program tested as a major program includes: Coronavirus State and Local Fiscal Recovery Funds – CFDA No. 21.027.
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, 2023

None

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Florence, South Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Florence, South Carolina's basic financial statements, and have issued our report thereon dated October 27, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina