

**CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**



**PREPARED BY
CITY OF FLORENCE, SOUTH CAROLINA
FINANCE DEPARTMENT**

INTRODUCTORY SECTION

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

FOR THE YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION

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November 30, 2018

Honorable Mayor, Members of City Council, City Manager,
and Citizens of the City of Florence, South Carolina:

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Florence (the City) for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Burch, Oxner, Seale Company, CPAs, P.A., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, 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, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The City's financial statements include government-wide financial statements as well as fund-by-fund financial information. The government-wide financial statements include a Statement of Net Position that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this report includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. This report provides in the MD&A financial highlights 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 located in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of seven counties that comprise what is commonly referred to as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 23 square miles and serves a population of approximately 38,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager by the spring of each year. The City Manager uses these requests to develop a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level. Budget appropriations may be amended by council as necessary during the fiscal year. Budget-to-actual comparisons are provided in this financial report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 40 as part of the basic financial statements for the governmental funds.

Local Economy

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

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

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

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

The Florence Center, a joint capital venture between the City and County of Florence, was opened in 1993. This multi-functional facility complements the recreational, cultural and tourism related activities provided in Florence. The Florence Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment

events as indoor sporting events, concerts, circuses, rodeos, and a variety of other assorted shows. In 2018, a \$16 million, 28,000-square-foot expansion was completed at the Florence Center to provide for space needed to attract and recruit additional conferences and conventions to the facility.

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

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

Long Term Financial Planning

As part of the City's planning and needs evaluation process, essential projects and initiatives to be implemented over the course of several years have been identified. 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. 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, Tax Increment Financing, and General Fund revenues.

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. The system continues to face increasing operating and capital expenses related to its collection system, specifically interceptor sewer lines within Jeffries Creek and Middle Swamp. In response to these and other challenges, the City performed a comprehensive study of the operating, capital, and long-term debt service requirements to determine revenue sufficiency for these needs. 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 a comprehensive ten-year rate study, City Council approved an ordinance in 2010 incorporating the recommended rates. This ordinance revised and updated the City's water and wastewater rate schedules through fiscal year 2020.

Relevant Financial Policies

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

Major Initiatives

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

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

Projects to repair and improve the Timmonsville system and provide quality water and sewer service to the Town's customers continued this fiscal year. The City is in compliance with the consent decree. It is anticipated that repair and improvement projects will be substantially completed by the end of 2018 and fully completed by the spring of 2019.

Projected revenues of the Town's Utilities System combined with a number of SRF loans, including loan principal forgiveness, and several grant funding sources provide funding for the needed improvements. The combined SRF financed funds total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans are financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development.

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

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

In 2005, City Council adopted an ordinance that created an overlay district for downtown redevelopment, established design guidelines in the overlay district, and created powers and rules of procedure for a Downtown Design Review Board. On December 18, 2006, City Council adopted an ordinance creating a Tax Increment Financing (TIF) district incorporating the overlay district for downtown redevelopment as adopted by Council in 2005. Proceeds resulting from the tax increment financing district are now being used for public improvements in support of downtown development. To further encourage downtown redevelopment City Council adopted an ordinance in October 2011 that provided for the establishment of a Downtown Economic Development Incentive Program. The incentives were specifically identified and approved when City Council adopted a resolution in February 2012 authorizing a number of incentives designed to encourage the revitalization of the downtown area. Additional downtown business redevelopment and historical building incentives were approved through a resolution adopted by City Council in February 2015 to encourage the revitalization of downtown Florence by existing property owners, tenants and potential developers.

In 2017, City Council amended the downtown overlay district by adding an overlay district designated as the "Food, Artisan and Warehouse District". The intent of this district is to promote food and artisan orientated businesses; improve access to fresh and locally produced goods; support active living through better urban neighborhoods and downtown; and promote good urban design. This overlay district will encourage creative land uses and architecture by permitting small scale, light industrial food productions, farmers markets, food and artisan retail, community kitchens, artisan manufacturing, and other artisan uses. In 2017, City Council also expanded the geographic boundary for Downtown business incentives for qualified projects. With incentives provided in an expanded boundary, including the Food, Artisan and Warehouse District and other locations within the Downtown Overlay District, additional redevelopment activity should be fostered in these areas. The incentives included in this expanded area are the same as those approved in 2012 and 2015.

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

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

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

In July 2016, City Council approved an ordinance to revise and extend the original TIF redevelopment plan adopted in 2006, and to extend the maximum term of maturity of TIF obligations from the original 20-year maturity of 2026 to a 40-year maturity expiring in 2046. These revisions were made by City Council to provide for the issuance of Special Obligation Bonds to be used for the construction of additional parking, street improvements, and other essential infrastructure enhancements in the

TIF district as well as funding for the revitalization and redevelopment of three Florence School District One facilities. This bond was also used to refund the Series 2014 TIF Revenue Bond.

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

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

Regional Gymnasium and Recreation Facility Construction – In May 2014, the City issued a Series 2014 Hospitality Fee Revenue Bond in the amount of \$4,605,000 at an interest of 3.42% for 20 years to finance the construction of a regional gymnasium and recreation facility. Additional funding in the amount of \$750,000 is being granted to the City by the Drs. Bruce and Lee Foundation to cover the costs of a gymnasium façade redesign that incorporates enhanced architectural features including additional brick veneering, a raised entrance, and other finishes and improvements.

This regional facility provides recreational and social activities for both residents and non-residents and includes multiple basketball courts designed to allow use for other sports and activities as well. As such, the facility provides and promotes regional programming and services for the City's residents as well as persons visiting the City. In addition, the facility serves as an inducement to economic redevelopment and private investment in the City's TIF district and serves as a catalyst for commercial activity by both residents and non-residents.

Bids for construction of the regional gymnasium and recreation facility were received in January 2016. BPM Construction of Charlotte, NC was selected as the contractor for this project, and construction, at a total cost of over \$5 million, began in June 2016.

Following project completion in early 2018, the City held a grand opening on April 12, 2018, dedicating the building as the Pearl Moore Basketball Center. The facility is approximately 31,525 square feet and includes a championship court and an auxiliary gymnasium with two full sized basketball floors. The facility also contains a referee locker room, concession stand, and two large meetings rooms that can be converted into smaller rooms.

Soccer Complex Construction – On October 13, 2014, City Council authorized the execution of a Memorandum of Understanding between the City and the Drs. Bruce and Lee Foundation for the funding, construction, and operation of a new soccer complex. On October 21, 2014 a Memorandum of Understanding (MOU) between the City and the Foundation was signed and executed for those purposes. The MOU provides that the City will construct the soccer complex, a main access road, roads internal to the complex, and parking for the complex. The complex includes an access road at the intersection of Twin Church Road and West Palmetto Street, a 5.5-acre retention pond and 14 regulation-size soccer fields – two of which are lighted. Ten of the soccer fields are laser graded with sodding, while four soccer fields are graded and seeded for future play.

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

Because funding for the soccer complex project in the amount of \$6 million and the gymnasium façade redesign in the amount of \$750,000 is being provided by the Bruce and Lee Foundation over a four-year period beginning in 2017, it was necessary to issue a General Obligation bond through 2020 to provide short-term funding for the construction and redesign projects. In February 2016, City Council authorized the issuance of a General Obligation bond to finance, over a period of four years, the construction of a soccer complex and provide additional funding for the regional gymnasium facility façade redesign. In March 2016, the City issued a 2016 General Obligation Bond in the amount of \$6,750,000 at an interest of 1.16% for 4 years. The bond will be repaid with the funds to be received from the Drs. Bruce and Lee Foundation.

Bids for construction of the soccer complex were received in February 2016. D & L Sitework, Inc. of Conway, SC was selected as the contractor for this project, and construction was begun in May 2016.

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

The Drs. Bruce and Lee Foundation will provide the City additional grant funding in the amount of \$1.58 million for the construction of a soccer complex pavilion. This structure will house a concession and lounge area, restrooms, storage areas, an elevator, administrative offices, officials' locker room, meeting space and a covered second floor viewing area. Construction of the soccer complex pavilion is anticipated to begin in early 2019.

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

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

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

As part of this process, the City has committed \$3 million to construction and incentive costs and another \$6 million to street and infrastructure improvements, including new sidewalks, curbing, pocket parks and bike lanes. To date, the City has purchased approximately 30 abandoned and dilapidated houses, and is in the process of building several new houses in the redevelopment area. The City anticipates the construction of between 20 and 50 new houses over the next five years. As part of the revitalization plan, the city is also creating down payment and purchase incentives for qualified buyers that cover the gap between the cost and market value of the new homes.

The South Carolina Community Loan Fund (SCCLF) is a lending program that provides access to affordable housing by financing the construction, rehabilitation, and redevelopment of homeownership and rental units for low to moderate-income families. In November 2015, the City entered into a thirty-six month, \$700,000 loan agreement with SCCLF at an interest rate of 5.25% to provide construction financing for a comprehensive catalytic project located on Vista Street in North Florence. These funds are being used for contractor financing assistance, with emphasis on encouraging minority contractor participation, for the construction of seven new single family houses for sale and two restored houses for rental.

In March 2017, the official groundbreaking of the "Vista Place" project area, the first development of the four designated redevelopment areas, was held. The Vista Place development area consists of several former vacant lots on Vista Street across from North Vista Elementary School. Each lot to be developed will feature a unique, newly constructed house that will enhance the North Florence neighborhood. The construction of the first three homes was completed in February 2018. One of these homes sold in April 2018, and another was sold in October 2018. In "Vista Place" there are plans to build four additional new homes later in the near future.

In Northwest Florence, the City is completing a streetscape project on Sumter Street which includes street and infrastructure improvements, new sidewalks, curbing and drainage, and bike lanes. In June 2018, the City began site work for "Old Carver Station", a new neighborhood development that will consist of six homes constructed by the City. "Old Carver Station" is located at the corner of Sumter and Alexander streets, directly across from the new R. N. Beck Childhood Education Center.

City Projects Funded with Countywide Capital Projects Sales Tax – In November 2013, the voters of Florence County approved a referendum for a one cent capital projects sales tax and the issuance of a general obligation bond in an amount not to exceed \$125 million to fund debt service payments with the sales tax revenue generated.

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

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

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

Construction by the City on numerous projects funded through the Capital Projects Sales Tax continued in fiscal year 2018.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florence for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement award, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report, with contents which conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Certificate awarded for fiscal year ended 2017 marks the twentieth consecutive year the award has been received by the City of Florence. We believe that this comprehensive annual financial report conforms to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department as well as the City's independent auditors, Burch, Oxner, Seale Company. Their assistance provided in the preparation of this report is sincerely appreciated.

In closing, without the guidance, leadership, and support of the City Manager, Mayor, and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Thomas W. Chandler
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Florence
South Carolina**

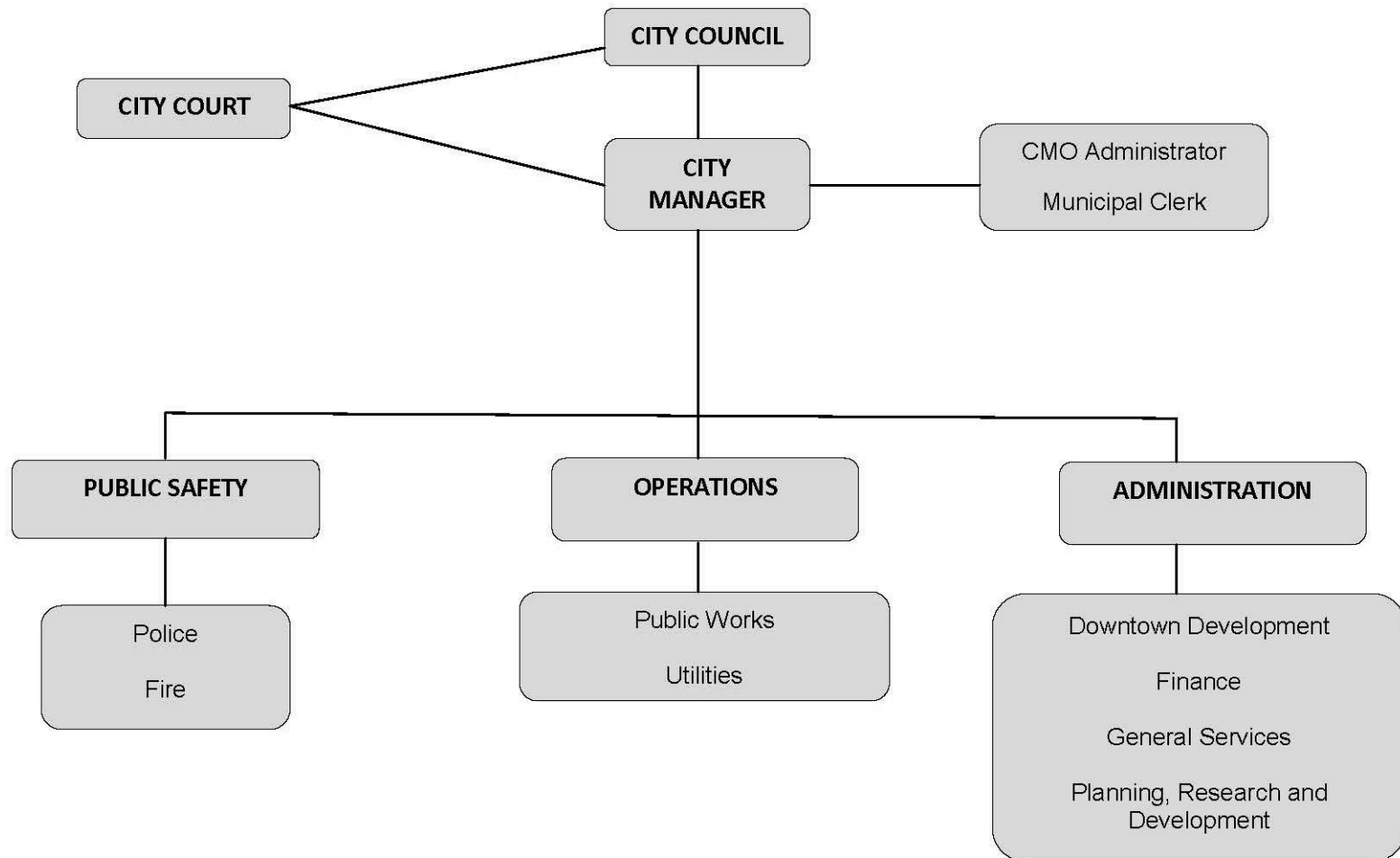
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FY 2017-18**



**CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2018**

GOVERNING BODY

Stephen J. Wukela, Mayor

Frank J. Brand, II, Mayor Pro Tempore

Octavia Williams-Blake

Teresa Myers Ervin

George D. Jebaily

Pat Gibson-Hye Moore

Glynn Willis

ADMINISTRATION

Andrew H. Griffin, City Manager

Thomas W. Chandler, Finance Director

Scotty B. Davis, General Services Director

Allen L. Heidler, Police Chief

Randall S. Osterman, Fire Chief

Charles E. Pope, Jr., Public Works Director

Raymond R. Reich, Downtown Development Director

Michael D. Hemingway, Utilities Director

Jerry B. Dudley, Planning Manager

James C. Moore, Development Manager

FINANCIAL SECTION

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I. C. to the financial statements, in 2018, the City adopted the provisions of GASB No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments, and Surcharges on Page 142, 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 177, listed in the table of contents under the Uniform Guidance Section, is presented for the purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements of the City of Florence, South Carolina.

The combining and individual fund statements and schedules, the Uniform Schedule of Court Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, the Uniform Schedule of Court Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Florence, South Carolina's internal control over financial reporting and compliance.

Burch, Gymer, Seale Co., CPAs, PA

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follows this section, and our letter of transmittal in the preceding Introductory Section.

Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets and deferred outflows of the City of Florence exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$170,898,554 (*net position*). Of this amount, \$11,256,023 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$13,172,517 during the fiscal year ended June 30, 2018, with a \$6,857,321 increase resulting from governmental activities and a \$6,315,196 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported a combined ending fund balance of \$57,334,055, an increase of \$11,015,904 in comparison with the prior year. Approximately 19.3 percent of this total amount, \$11,053,105 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,053,105, or 30.3 percent of the total general fund expenditures.
- The City of Florence had \$195.8 million in bonds and notes outstanding versus \$184.8 million last year, an increase of \$11.0 million from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Florence's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all of the City of Florence's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Florence include general government, public safety, public works, community development, and culture and recreation services. The business-type activities of the City of Florence include water and sewer services and stormwater services.

The government-wide financial statements include the City itself (*known as the primary government*) and one blended component unit, the City of Florence Public Facilities Corporation, which is reported in the Governmental Activities of the primary government.

The government-wide financial statements can be found on pages 33-35 of this report.

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

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

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

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Hospitality Fund, 2016 TIF Construction Capital Projects Fund, Florence County Penny Tax II and Installment Purchase Revenue Bond Capital Projects Fund, which are all considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 36-39 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Hospitality Fund can be found on page 40-41 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 42-45 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 46 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 47-85 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 98-143 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets and deferred outflows exceeded liabilities and deferred inflows by \$170,898,554 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (86.4% 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 of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net position, \$11,256,023, may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Florence's Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$62,497,471	\$ 53,160,217	\$ 55,934,154	\$ 51,794,979	\$ 118,431,625	\$ 104,955,196
Capital assets	83,748,040	74,858,785	228,520,328	227,088,067	312,268,368	301,946,852
Total assets	146,245,511	128,019,002	284,454,482	278,883,046	430,699,993	406,902,048
Deferred Outflow s	6,879,774	5,257,322	2,319,657	1,672,651	9,199,431	6,929,973
Long-term liabilities	113,764,944	90,843,169	146,077,423	143,172,123	259,842,367	234,015,292
Other liabilities	5,348,453	6,980,354	2,802,752	2,902,767	8,151,205	9,883,121
Total liabilities	119,113,397	97,823,523	148,880,175	146,074,890	267,993,572	243,898,413
Deferred Inflow s	881,140	1,037,626	126,158	167,903	1,007,298	1,205,529
Net Position:						
Net investment in capital assets	45,883,732	38,005,596	101,751,447	95,268,914	147,635,179	133,274,510
Restricted	4,019,313	6,077,735	7,988,039	9,055,832	12,007,352	15,133,567
Unrestricted	(16,772,297)	(9,668,156)	28,028,320	29,988,158	11,256,023	20,320,002
Total net position	\$33,130,748	\$ 34,415,175	\$ 137,767,806	\$ 134,312,904	\$ 170,898,554	\$ 168,728,079

City of Florence's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 17,282,058	\$ 17,253,231	\$ 36,087,806	\$ 36,437,477	\$ 53,369,864	\$ 53,690,708
Operating grants and contributions	2,655,631	5,562,426	-	-	2,655,631	5,562,426
Capital grants and contributions	1,051,725	5,501,991	1,190,748	-	2,242,473	5,501,991
General Revenues:						
Property taxes	10,815,950	10,657,474	-	-	10,815,950	10,657,474
Hospitality fees	4,101,928	4,036,958	-	-	4,101,928	4,036,958
Grants and contributions not restricted to specific programs	9,468,380	9,555,205	-	-	9,468,380	9,555,205
Other	2,521,158	850,160	1,368,140	1,291,051	3,889,298	2,141,211
Total Revenues	47,896,830	53,417,445	38,646,694	37,728,528	86,543,524	91,145,973

City of Florence's Changes in Net Position - Continued

	Governmental		Business-type		Total	
	activities		activities			
	2018	2017	2018	2017	2018	2017
Expenses:						
General Government	12,317,892	12,239,632	-	-	12,317,892	12,239,632
Public Safety	15,066,903	14,958,057	-	-	15,066,903	14,958,057
Public Works	7,500,862	6,829,919	-	-	7,500,862	6,829,919
Culture and Recreation	5,088,425	4,547,612	-	-	5,088,425	4,547,612
Community Development	2,387,177	1,550,188	-	-	2,387,177	1,550,188
Interest on long-term debt	2,149,479	1,528,433	-	-	2,149,479	1,528,433
Water and Sewer	-	-	27,566,748	27,691,355	27,566,748	27,691,355
Stormwater	-	-	1,293,521	1,173,863	1,293,521	1,173,863
Total Expenses	<u>44,510,738</u>	<u>41,653,841</u>	<u>28,860,269</u>	<u>28,865,218</u>	<u>73,371,007</u>	<u>70,519,059</u>
Increase in net position before transfers	3,386,092	11,763,604	9,786,425	8,863,310	13,172,517	20,626,914
Transfers	<u>3,471,229</u>	<u>3,598,000</u>	<u>(3,471,229)</u>	<u>(3,598,000)</u>	-	-
Increase (decrease) in net position	6,857,321	15,361,604	6,315,196	5,265,310	13,172,517	20,626,914
Net position - beginning, as restated	<u>26,273,427</u>	<u>19,053,571</u>	<u>131,452,610</u>	<u>129,047,594</u>	<u>157,726,037</u>	<u>148,101,165</u>
Net position - ending	<u>\$ 33,130,748</u>	<u>\$ 34,415,175</u>	<u>\$ 137,767,806</u>	<u>\$ 134,312,904</u>	<u>\$ 170,898,554</u>	<u>\$ 168,728,079</u>

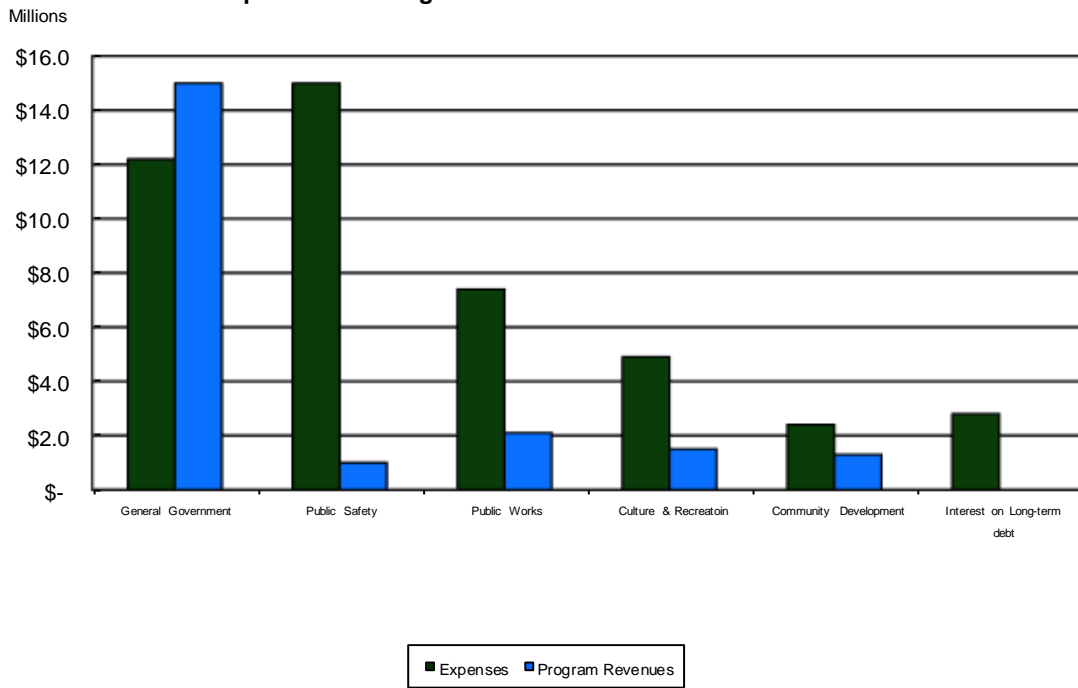
Governmental activities. Governmental activities increased the City of Florence's net position by \$6,857,321. Key elements of this increase are as follows:

In November 2013 Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by "Capital Project Sales Tax II" program provides funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage system and/or bridges, and traffic flow improvements into and through Florence County. In January 2014, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$125 million with debt service payments to be funded from the Capital Project Sales Tax. The City of Florence was allocated \$21,774,375 for projects within the city limits. During the current fiscal year Florence County reimbursed the City \$4,765,787 for capital sales tax projects that are currently under construction within the City.

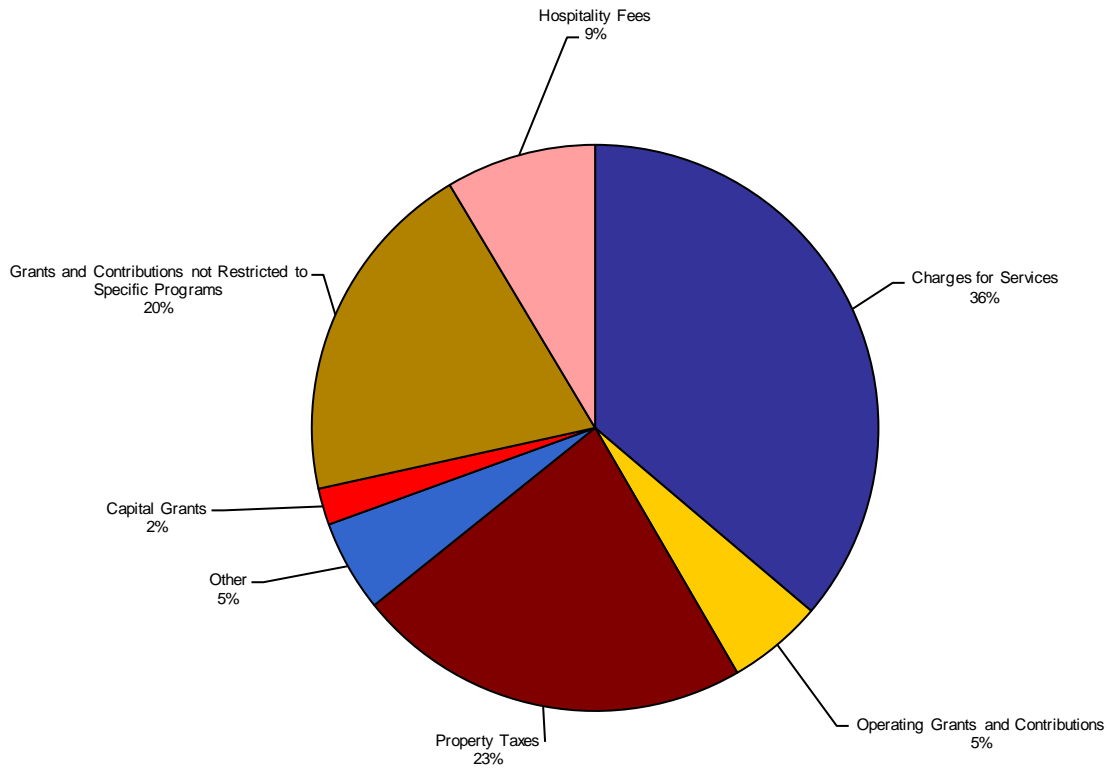
On October 9, 2016 Hurricane Matthew made landfall in South Carolina affecting the Florence area with downed trees, wind damage, flooding, power outages, and damage to the City's infrastructure. The hurricane left approximately 150,000 cubic yards of debris within the City of Florence. In addition to using city personnel and equipment (force labor & equipment) for emergency measures and debris cleanup, the City contracted with three companies for debris removal, grinding, and hauling. The City also contracted the debris monitoring services to ensure compliance with FEMA requirements. The contracted cost for debris removal and monitoring was \$1,762,622. An additional \$1,252,931 in force labor and equipment was used for emergency measures and cleanup efforts. The City received \$592,631 in fiscal year 2016-17 and recognized a total of \$2,046,181 as accounts receivable from the US Government and the State of South Carolina for reimbursement of expenses paid for damage caused by Hurricane Matthew. At June 30, 2018, the accounts receivable balance was \$1,736,847. In addition, to the \$309,334 received for revenues recognized in prior years, the City received \$410,670 in reimbursement for expenses related to Hurricane Matthew that was not previously recognized as a receivable.

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

Expenses and Program Revenues - Governmental Activities



Revenue by Source – Governmental Activities

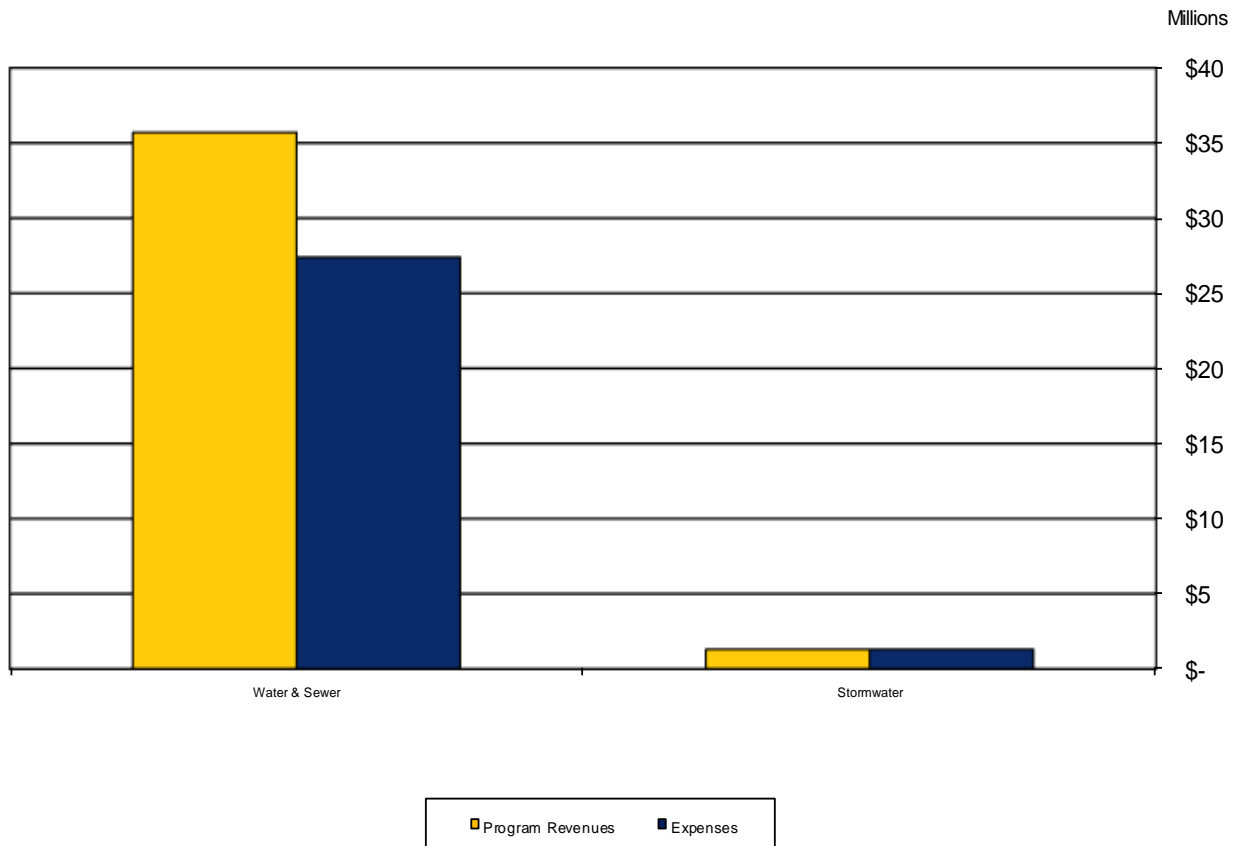


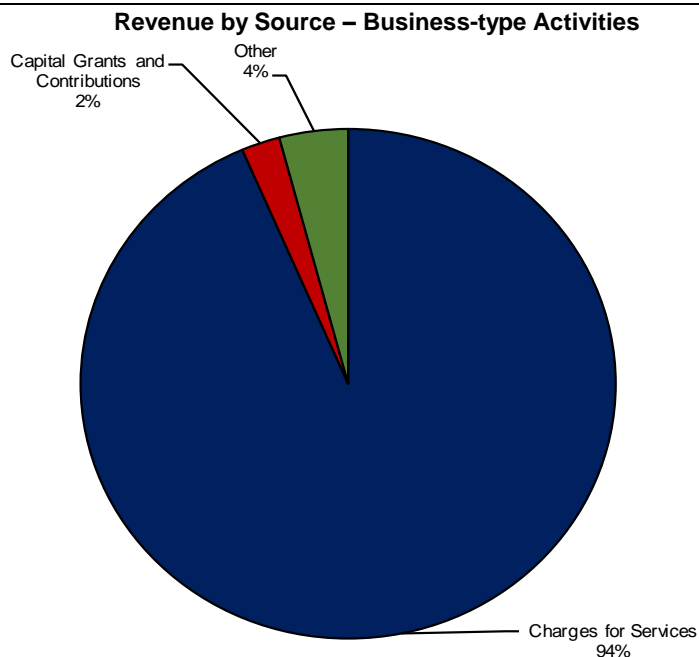
Business-type activities. Business-type activities increased the City of Florence's net position by \$6,315,196, accounting for 47.9 percent of the total growth in the government's net position. Key elements of this increase are as follows:

Capital Water and Sewer Projects – In the fiscal year ended June 30, 2018 the City expensed \$3,101,966 for the upgrade and rehabilitation of the water and sewer system acquired in January 2014 from the Town of Timmonsville. These upgrades and rehabilitation are required to bring the system into compliance with federal and state regulation. Additional information on the Town of Timmonsville water and sewer system acquisition is provided in the Transmittal Letter. In addition to the Town of Timmonsville project, the City of Florence expensed \$4,762,274 for other capital projects in the water and sewer enterprise fund. With a combination of the Timmonsville project and other completed water and sewer projects, the City capitalized \$6,618,200 and increased the construction in process of the water and sewer fund by \$1,246,040.

The stormwater fund expensed \$242,953 toward the completion of several stormwater related projects. The entire amount expensed increased the construction in process of the stormwater fund.

Expenses and Program Revenues - Business-type Activities





Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$57,334,055, an increase of \$11,015,904 in comparison with the prior year. Approximately 19.3 percent of this total amount or \$11,053,105 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form: \$2,157,387, 2) restricted for particular purposes: \$40,327,171, 3) committed for particular purposes: \$19,816, or 4) assigned for particular purposes: \$3,776,576. Additional information on the City's fund balances can be found at Note IV.G.

The general fund is the primary operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,053,105, while total fund balance was \$16,975,595. 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 30.3 percent of total general fund expenditures, while total fund balance represents 46.6 percent of that same amount.

During the current fiscal year the City's fund balance of the General Fund decreased by \$264,672. This amount represents a 1.5% decrease. In June 2018, the City took delivery of 3 new fire trucks totaling \$1,342,701. The trucks purchased were 2 Pierce pumper trucks and 1 Pierce HDR rescue truck. These trucks were purchased from Unassigned Fund Balance which contributed to the fund balance decrease.

Improved revenue collections for the year helped offset the impact of the fire equipment purchase on the Unassigned Fund Balance. Notably, the City continued its efforts to identify businesses that are required to be licensed to operate within the City of Florence but have not obtained a city business license. The revenues for new and delinquent business license, franchise fees, and other types of business licenses combined increased \$241,546 over the prior year. Also, in April 2017, the City reestablished its Building and Permitting Department, a function that had been consolidated with Florence County for approximately twenty years. As a result, the City began issuing building permits and collecting building permit fees. Fiscal

year 2017-18 was the first full year that the City had issued building permits, and as a result the City received \$399,918 in permitting revenues.

The Hospitality Fund has a total fund balance of \$1,873,111, a decrease of 55.5%. The decrease is largely due to \$2,749,626 expended for construction of the City's Soccer Complex and the downtown gymnasium. The City was granted \$6,750,000 by the Doctors Bruce and Lee Foundation, to repay the construction bonds issued, with the funds being granted over 4 years.

The City maintains a TIF Debt Service Fund to receive tax revenue generated by a Tax Increment Financing (TIF) district. These funds are generated from the difference between the current assessed value of each parcel of property within the district and the 2006 assessed value of each parcel. The increase in overall assessed value in the TIF district applied to the tax millage of all taxing entities in Florence County participating in and contributing to the TIF creates the tax revenue used to repay bonds issued to construct public purpose projects within the district. The entire fund balance of \$1,364,952 is committed for the repayment of the TIF bonds.

The City of Florence maintains a General Fund Debt Service Fund to manage the collection of the debt service millage and the debt service payment for the City's general obligation debt. The Debt Service millage is 2.8 mills. The entire fund balance of \$751,477 is committed for the repayment of City's general obligation debt.

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

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

Unrestricted net position of the water and sewer operations and the stormwater operations at the end of the fiscal year amounted to \$28,028,320. The total growth in the net position was \$6,315,196. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Florence's business-type activities.

General Fund Budgetary Highlights

The City's final amended General Fund budget was \$4,837,900 greater than the original budget of \$34,400,000. City Council amended the General Fund budget twice during the fiscal year that ended June 30, 2018. The first amendment increased From Unappropriated Reserve revenues by \$2,367,600 for the re-appropriation of funds to fund projects and purchase equipment budgeted in fiscal year 2016-17 but deferred until fiscal year 2017-18. The first amendment also increased From Unappropriated Reserve revenues by \$1,821,800 to fund projects and purchases which were not anticipated during the development and adoption of the FY 2017-18 budget. Additionally, this amendment increased Miscellaneous Grants in the amount of \$94,100 for funding from SC Department of Health & Environmental Control (SCDHEC) for the purchase of mosquito control equipment and \$75,000 from the Foundation for the Carolinas to fund equipment to be used in Phase II of the Florence Inclusive Park. The second amendment increased Miscellaneous Grants revenue for funding from the SC Department of Transportation (SCDOT) in the amount of \$297,400 for the resurfacing of various designated roads within the City. This amendment also increased From Unappropriated Reserves by \$257,000 to provide funding for costs incurred for property acquisitions.

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, 2018, amounts to \$312,202,996 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was \$10,256,144 (an 11.87 percent increase for governmental activities and a 0.60 percent increase for business-type activities).

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

In fiscal year 2017-18 the City purchased properties totaling \$1,179,885. Of this amount, properties totaling \$513,981 were purchased for later development and improvements in the downtown area. Additional properties purchased totaling \$662,044 will be utilized in the City's efforts to improve blighted neighborhoods and provide affordable housing to lower income citizens.

The remaining \$3,860 was used for the acquisition of a small parcel of land used to connect property already owned by the City to US 301 to build a second entrance to the Wastewater Treatment Plant.

The City has arranged several funding sources to complete approximately \$12.7 million in projects designed to bring Town of Timmonsville water and sewer system that the City of Florence acquired in January 2014 into compliance with Environmental Protection Agency (EPA) and South Carolina Department of Health and Environmental Control (SCHEC) regulations. Several State Revolving Fund loans, including loan principal forgiveness, and several grant funding sources will provide funding for the needed improvements. The combined State Revolving Fund (SRF) financed funds will total approximately \$12 million with approximately \$3 million of the principal forgiven by SRF. The SRF loans will be financed over a blended period of 20 years at an interest rate of 1% and 30 years at an interest rate of 1.1%. Funding is also provided through grants from CDBG, EDA, the SC Transportation Infrastructure Bank, the SC Rural Infrastructure Authority, and USDA Rural Development. As part of the Timmonsville System conveyance agreement, the City assumed, as a junior lien, a \$6.1 million Rural Development Loan from the Town of Timmonsville. Additionally, upon conveyance, the City paid off an obligation of the Timmonsville System held by BB&T in the amount of \$343,751. Additional information on the Town of Timmonsville water and sewer system acquisition is provided in the Transmittal Letter. During fiscal year 2017-18 the City expended \$3,101,966 to bring the Timmonsville system into compliance.

In November 2013 Florence County voters approved a county wide referendum which re-imposed an existing one-cent capital project sales tax that was due to expire in April 2014. The revenues generated by "Capital Project Sales Tax II" program provides funding for the design, engineering, construction, and improvement of highways, roads, streets, drainage system and/or bridges, and traffic flow improvements into and through Florence County. The funding also provides for a) economic development, b) public safety, c) the promotion of desirable living conditions and improved recreational facilities, d) public health and safety in the event of fire, emergency, panic, and other dangers, and e) the ability to meet present and future needs of Florence County and its citizens.

In January 2014, County Council passed an ordinance to issue general obligation bonds in an amount not to exceed \$125 million with debt service payments to be funded from the Capital Project Sales Tax to be repaid over seven years – the term of the imposed one-cent sales tax funding. The County began collecting the second Capital Project Sales Tax on May 1, 2014 and will continue to collect the tax until April 30, 2021. The City of Florence was allocated \$21,774,375 for the following projects within the city limits:

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

As of June 30, 2018 the City has expended \$14,662,825 in Capital Sales Tax funds.

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 15,917,043	\$ 16,115,279	\$ 2,415,540	\$ 2,411,680	\$ 18,332,583	\$ 18,526,959
Buildings and Systems	29,701,901	14,788,950	213,073,887	213,733,621	242,775,788	228,522,571
Infrastructure	19,426,488	11,233,424	-	-	19,426,488	11,233,424
Machinery and Equipment	5,772,960	4,391,469	3,104,152	2,570,382	8,877,112	6,961,851
Construction in Process	<u>12,929,648</u>	<u>28,329,663</u>	<u>9,861,377</u>	<u>8,372,384</u>	<u>22,791,025</u>	<u>36,702,047</u>
Totals	<u>\$ 83,748,040</u>	<u>\$ 74,858,785</u>	<u>\$ 228,454,956</u>	<u>\$ 227,088,067</u>	<u>\$ 312,202,996</u>	<u>\$ 301,946,852</u>

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

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt outstanding of

\$159,324,453. This debt is backed by the full faith and credit of the government or specified revenue sources; the remaining \$42,564,992 of the Long-term Obligations comprises capital leases and notes payable.

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

	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ 58,333,000	\$ 44,142,000	\$ 94,944,511	\$ 98,033,635	\$ 153,277,511	\$ 142,175,635
General Obligation Bonds	6,046,942	8,382,433	-	-	6,046,942	8,382,433
Notes Payable	749,554	480,000	35,726,808	33,785,520	36,476,362	34,265,520
Capital Leases	6,088,630	6,905,930	-	-	6,088,630	6,905,930
Totals	\$ 71,218,126	\$ 59,910,363	\$ 130,671,319	\$ 131,819,155	\$ 201,889,445	\$ 191,729,518

The City's total debt increased by \$10,159,927 (5.3 percent) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City in the amount of \$13,842,104 exceeds the City of Florence's outstanding general obligation debt (net of amount available in the debt service fund) of \$5,302,089 by \$8,540,015.

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

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2019 fiscal year:

- Amounts available in FY 2018-19 for appropriation in the General Fund are for \$35.77 million, a decrease of 9% from the FY 2017-18 final revised budget of \$39.28 million. The City's budget amendments were reviewed earlier in this report.
- In FY 2018-19 the City's total millage rate remained at 60.9 mills. The total millage includes 58.1 operating mills and 2.8 debt service mills.
- The Florence area unemployment rate decreased 31% from 4.5 in fiscal year 2017 to 3.1 in fiscal year 2018.

As for the City's business-type activities, we expect that the 2019 results will also improve based on the following:

- Based on recommendations of a comprehensive ten-year rate study completed by an independent rate consultant, City Council approved an ordinance in 2010 incorporating the recommended rates. This ordinance increases the water and sewer rates incrementally each year through fiscal year 2020.
- In January 2014, the City of Florence took ownership of the Town of Timmonsville's water and sewer system. Throughout the year the City continued work to repair and improve the water and sewer infrastructure of the Timmonsville system. One component of these improvements was to replace all water meters on the Timmonsville system, many of which were in disrepair, with new and more accurate meters which will improve billing and collections. In fiscal year 2019, the City is expected to complete improvements to the Timmonsville system.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Florence, South Carolina
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,526,022	\$ 6,679,480	\$ 20,205,502
Receivables	6,475,639	9,972,108	16,447,747
Internal balances	(300)	300	-
Inventories	2,157,387	227,106	2,384,493
Investments	6,091,366	30,923,244	37,014,610
Prepaid expenses	-	92,632	92,632
Restricted cash and cash equivalents	1,697,516	8,039,284	9,736,800
Restricted investments	32,549,841	-	32,549,841
Prepaid bond insurance costs	-	65,372	65,372
Capital assets not being depreciated:			
Land	15,917,043	2,415,540	18,332,583
Construction in progress	12,929,648	9,861,378	22,791,026
Capital assets net of accumulated depreciation:			
Buildings and systems	29,701,901	213,073,886	242,775,787
Machinery and equipment	5,772,960	3,104,152	8,877,112
Infrastructure	19,426,488	-	19,426,488
TOTAL ASSETS	146,245,511	284,454,482	430,699,993
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	6,164,848	2,068,467	8,233,315
Deferred OPEB charges	714,926	251,190	966,116
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,879,774	2,319,657	9,199,431
LIABILITIES			
Accounts payable	1,821,781	592,974	2,414,755
Retainage payable	448,515	375,400	823,915
Accrued interest payable	266,323	1,734,704	2,001,027
Other liabilities	813,194	99,674	912,868
Unearned revenue	1,998,640	-	1,998,640
Noncurrent liabilities			
Net pension liability	31,081,136	11,566,285	42,647,421
Net OPEB liability	8,786,607	3,087,186	11,873,793
Long-term obligations - Due within one year	5,478,603	5,487,420	10,966,023
Long-term obligations - Due in more than one year	68,418,598	125,936,532	194,355,130
TOTAL LIABILITIES	119,113,397	148,880,175	267,993,572
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	779,710	90,521	870,231
Deferred OPEB credits	101,430	35,637	137,067
TOTAL DEFERRED INFLOWS OF RESOURCES	881,140	126,158	1,007,298
NET POSITION			
Net investment in capital assets	45,883,732	101,751,447	147,635,179
Restricted			
Debt service	751,477	7,988,039	8,739,516
Community development	2,311,732	-	2,311,732
Public safety	659,852	-	659,852
Capital projects	165,052	-	165,052
Tourism	131,200	-	131,200
Unrestricted	(16,772,297)	28,028,320	11,256,023
TOTAL NET POSITION	\$ 33,130,748	\$ 137,767,806	\$ 170,898,554

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 12,317,892	\$ 13,536,205	\$ 466,947	\$ 1,051,725
Public safety	15,066,903	982,209	31,666	-
Public works	7,500,862	2,137,893	-	-
Culture and recreation	5,088,425	625,751	891,528	-
Community development	2,387,177	-	1,265,490	-
Interest on long-term debt	2,149,479	-	-	-
Total governmental activities	<u>44,510,738</u>	<u>17,282,058</u>	<u>2,655,631</u>	<u>1,051,725</u>
Business-type activities:				
Water and sewer	27,566,748	34,780,190	-	919,842
Stormwater	1,293,521	1,307,616	-	270,906
Total business-type activities	<u>28,860,269</u>	<u>36,087,806</u>	<u>-</u>	<u>1,190,748</u>
Total primary government	<u>\$ 73,371,007</u>	<u>\$ 53,369,864</u>	<u>\$ 2,655,631</u>	<u>\$ 2,242,473</u>

General Revenues:

- Property taxes
- Hospitality taxes
- Unrestricted intergovernmental
- Investment earnings
- Miscellaneous

Transfers

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 2,736,985	\$ -	\$ 2,736,985
(14,053,028)	-	(14,053,028)
(5,362,969)	-	(5,362,969)
(3,571,146)	-	(3,571,146)
(1,121,687)	-	(1,121,687)
<u>(2,149,479)</u>	<u>-</u>	<u>(2,149,479)</u>
<u>(23,521,324)</u>	<u>-</u>	<u>(23,521,324)</u>
-	8,133,284	8,133,284
-	285,001	285,001
<u>-</u>	<u>8,418,285</u>	<u>8,418,285</u>
<u>(23,521,324)</u>	<u>8,418,285</u>	<u>(15,103,039)</u>
10,815,950	-	10,815,950
4,101,928	-	4,101,928
9,468,380	-	9,468,380
548,200	525,693	1,073,893
1,972,958	842,447	2,815,405
<u>3,471,229</u>	<u>(3,471,229)</u>	<u>-</u>
<u>30,378,645</u>	<u>(2,103,089)</u>	<u>28,275,556</u>
6,857,321	6,315,196	13,172,517
<u>26,273,427</u>	<u>131,452,610</u>	<u>157,726,037</u>
<u>\$ 33,130,748</u>	<u>\$ 137,767,806</u>	<u>\$ 170,898,554</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, 2018

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Florence County Penny II Capital Projects Fund</u>	<u>2016 TIF Construction Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 7,407,275	\$ 1,397,458	\$ -	\$ -	\$ 584,733	\$ 4,136,556	\$ 13,526,022
Receivables							
Property taxes, less allowance for doubtful accounts	160,552	-	-	-	-	20,667	181,219
Due from other governmental agencies	4,508,881	-	-	1,108,658	-	283,225	5,900,764
Other	9,011	384,645	-	-	-	-	393,656
Due from other funds	166,964	-	-	-	-	-	166,964
Investments	6,091,366	-	-	-	-	-	6,091,366
Inventories	2,145,914	-	-	-	-	11,473	2,157,387
Restricted cash and cash equivalents	-	405,599	-	-	-	1,291,917	1,697,516
Restricted investments	-	-	15,165,052	-	17,384,789	-	32,549,841
TOTAL ASSETS	\$ 20,489,963	\$ 2,187,702	\$ 15,165,052	\$ 1,108,658	\$ 17,969,522	\$ 5,743,838	\$ 62,664,735
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 621,248	\$ 314,591	\$ -	\$ 531,926	\$ 55,062	\$ 298,954	\$ 1,821,781
Retainage payable	-	-	-	438,660	7,855	2,000	448,515
Due to other funds	-	-	-	61,929	-	105,335	167,264
Other liabilities	813,194	-	-	-	-	-	813,194
Unearned revenue	1,998,640	-	-	-	-	-	1,998,640
TOTAL LIABILITIES	3,433,082	314,591	-	1,032,515	62,917	406,289	5,249,394
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	81,286	-	-	-	-	-	81,286
Total deferred inflows of resources	81,286	-	-	-	-	-	81,286
Fund balances:							
Nonspendable	2,145,914	-	-	-	-	11,473	2,157,387
Restricted	-	1,873,111	15,165,052	76,143	17,906,605	5,306,260	40,327,171
Committed	-	-	-	-	-	19,816	19,816
Assigned	3,776,576	-	-	-	-	-	3,776,576
Unassigned	11,053,105	-	-	-	-	-	11,053,105
TOTAL FUND BALANCES	16,975,595	1,873,111	15,165,052	76,143	17,906,605	5,337,549	57,334,055
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,489,963	\$ 2,187,702	\$ 15,165,052	\$ 1,108,658	\$ 17,969,522	\$ 5,743,838	\$ 62,664,735

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, 2018

Total fund balances for governmental funds	\$ 57,334,055
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 (\$119,931,919) less accumulated depreciation (\$36,183,879).	83,748,040
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.	(25,695,998)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	81,286
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(82,336,635)</u>
Net position of governmental activities	<u>\$ 33,130,748</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, 2018

	<u>General</u>	<u>Hospitality Fund</u>	<u>Installment Purchase Rev Bond Capital Projects Fund</u>	<u>Florence County Penny II Capital Projects Fund</u>	<u>2016 TIF Construction Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 10,217,385	\$ -	\$ -	\$ -	\$ -	\$ 585,621	\$ 10,803,006
Licenses, permits and fees	13,444,405	4,101,928	-	5,204,447	-	127,610	22,878,390
Intergovernmental	3,713,917	-	-	-	-	1,929,758	5,643,675
Charges for services	3,016,223	-	-	-	-	143,941	3,160,164
Fines and forfeitures	416,398	-	-	-	-	-	416,398
Investment earnings	94,252	11,014	165,052	-	257,302	20,580	548,200
Miscellaneous	724,744	2,729,725	-	-	-	107,587	3,562,056
TOTAL REVENUES	<u>31,627,324</u>	<u>6,842,667</u>	<u>165,052</u>	<u>5,204,447</u>	<u>257,302</u>	<u>2,915,097</u>	<u>47,011,889</u>
Expenditures							
Current:							
General government	8,719,395	1,138,664	-	-	-	-	9,858,059
Public safety	13,691,272	-	-	-	-	215,591	13,906,863
Public works	6,142,350	-	-	-	-	-	6,142,350
Culture and recreation	3,818,436	693,258	-	-	-	-	4,511,694
Community development	-	-	-	-	-	2,300,015	2,300,015
Debt service:							
Principal	849,700	2,809,000	-	-	-	400,491	4,059,191
Interest	182,862	308,128	206,808	-	-	1,511,374	2,209,172
Capital outlay	3,054,884	2,741,149	-	5,242,280	707,637	335,600	12,081,550
TOTAL EXPENDITURES	<u>36,458,899</u>	<u>7,690,199</u>	<u>206,808</u>	<u>5,242,280</u>	<u>707,637</u>	<u>4,763,071</u>	<u>55,068,894</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,831,575)</u>	<u>(847,532)</u>	<u>(41,756)</u>	<u>(37,833)</u>	<u>(450,335)</u>	<u>(1,847,974)</u>	<u>(8,057,005)</u>
Other Financing Sources (Uses)							
Issuance of debt	-	-	15,000,000	-	-	334,554	15,334,554
Capital leases	32,400	-	-	-	-	-	32,400
Insurance proceeds	234,726	-	-	-	-	-	234,726
Transfers in	4,299,777	-	206,808	-	-	1,042,150	5,548,735
Transfers out	-	(1,485,000)	-	-	(116,767)	(475,739)	(2,077,506)
NET OTHER FINANCING SOURCES (USES)	<u>4,566,903</u>	<u>(1,485,000)</u>	<u>15,206,808</u>	<u>-</u>	<u>(116,767)</u>	<u>900,965</u>	<u>19,072,909</u>
NET CHANGES IN FUND BALANCES	<u>(264,672)</u>	<u>(2,332,532)</u>	<u>15,165,052</u>	<u>(37,833)</u>	<u>(567,102)</u>	<u>(947,009)</u>	<u>11,015,904</u>
Fund balances at beginning of year	17,240,267	4,205,643	-	113,976	18,473,707	6,284,558	46,318,151
FUND BALANCES AT END OF YEAR	<u>\$ 16,975,595</u>	<u>\$ 1,873,111</u>	<u>\$ 15,165,052</u>	<u>\$ 76,143</u>	<u>\$ 17,906,605</u>	<u>\$ 5,337,549</u>	<u>\$ 57,334,055</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, 2018

Net change in fund balances-total governmental funds \$ 11,015,904

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 (\$11,902,831) exceeded depreciation (\$2,528,117) in the current period. 9,374,714

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (485,459)

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. 12,944

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. (11,307,763)

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. (503,813)

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. (1,249,206)

Change in net position of governmental activities \$ 6,857,321

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

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 10,581,600	\$ 10,065,100	\$ 10,217,385	\$ 152,285
Licenses, permits and fees	12,655,000	12,864,500	13,444,405	579,905
Intergovernmental	2,535,300	3,111,800	3,713,917	602,117
Charges for services	2,552,000	2,580,000	3,016,223	436,223
Fines and forfeitures	422,100	387,100	416,398	29,298
Investment earnings	55,000	65,000	94,252	29,252
Miscellaneous	330,000	410,000	724,744	314,744
TOTAL REVENUES	<u>29,131,000</u>	<u>29,483,500</u>	<u>31,627,324</u>	<u>2,143,824</u>
Expenditures				
Current:				
General government	7,487,800	10,239,270	8,719,395	1,519,875
Public safety	14,788,340	13,823,930	13,691,272	132,658
Public works	6,323,490	6,402,020	6,142,350	259,670
Culture and recreation	3,002,890	3,656,680	3,818,436	(161,756)
Debt service:				
Principal	-	-	849,700	(849,700)
Interest	-	307,000	182,862	124,138
Capital outlay	1,785,180	5,248,651	3,054,884	2,193,767
TOTAL EXPENDITURES	<u>33,387,700</u>	<u>39,677,551</u>	<u>36,458,899</u>	<u>3,218,652</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,256,700)</u>	<u>(10,194,051)</u>	<u>(4,831,575)</u>	<u>5,362,476</u>
Other Financing Sources				
Capital leases	-	-	32,400	32,400
Insurance proceeds	85,000	180,000	234,726	54,726
Transfers in	4,171,700	10,014,051	4,299,777	(5,714,274)
NET OTHER FINANCING SOURCES	<u>4,256,700</u>	<u>10,194,051</u>	<u>4,566,903</u>	<u>(5,627,148)</u>
NET CHANGE IN FUND BALANCES	-	-	(264,672)	(264,672)
Fund balances at beginning of year	17,240,267	17,240,267	17,240,267	-
FUND BALANCES AT END OF YEAR	<u>\$ 17,240,267</u>	<u>\$ 17,240,267</u>	<u>\$ 16,975,595</u>	<u>\$ (264,672)</u>

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

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Hospitality Fund
Year Ended June 30, 2018

	<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	\$ 4,130,000	\$ 4,130,000	\$ 4,101,928	\$ (28,072)
Investment earnings	5,000	5,000	11,014	6,014
Miscellaneous	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,729,725</u>	<u>729,725</u>
TOTAL REVENUES	<u>6,135,000</u>	<u>6,135,000</u>	<u>6,842,667</u>	<u>707,667</u>
Expenditures				
Current:				
General government	1,369,800	1,425,300	1,138,664	286,636
Culture and recreation	1,542,500	1,542,500	693,258	849,242
Debt service:				
Principal	3,417,700	3,417,700	2,809,000	608,700
Interest	-	-	308,128	(308,128)
Capital Outlay	<u>55,000</u>	<u>70,500</u>	<u>2,741,149</u>	<u>(2,670,649)</u>
TOTAL EXPENDITURES	<u>6,385,000</u>	<u>6,456,000</u>	<u>7,690,199</u>	<u>(1,234,199)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(250,000)</u>	<u>(321,000)</u>	<u>(847,532)</u>	<u>(526,532)</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>250,000</u>	<u>321,000</u>	<u>(1,485,000)</u>	<u>(1,806,000)</u>
NET OTHER FINANCING SOURCES (USES)	<u>250,000</u>	<u>321,000</u>	<u>(1,485,000)</u>	<u>(1,806,000)</u>
NET CHANGE IN FUND BALANCES	-	-	(2,332,532)	(2,332,532)
Fund balance at beginning of year	<u>4,205,643</u>	<u>4,205,643</u>	<u>4,205,643</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,205,643</u>	<u>\$ 4,205,643</u>	<u>\$ 1,873,111</u>	<u>\$ (2,332,532)</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, 2018

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,375,386	\$ 1,304,094	\$ 6,679,480
Accounts receivable, net	5,159,909	108,827	5,268,736
Due from other funds	300	-	300
Due from other governmental agencies	4,692,872	-	4,692,872
Other receivables	-	10,500	10,500
Investments	30,257,752	665,492	30,923,244
Prepaid expenses	92,632	-	92,632
Inventories	227,106	-	227,106
Restricted cash and cash equivalents	8,008,571	30,713	8,039,284
Total current assets	<u>53,814,528</u>	<u>2,119,626</u>	<u>55,934,154</u>
Noncurrent assets:			
Prepaid bond insurance costs	65,372	-	65,372
Capital assets			
Land	2,010,032	405,508	2,415,540
Buildings and system	294,620,957	7,458,395	302,079,352
Construction in progress	9,161,666	699,712	9,861,378
Machinery and equipment	7,929,466	1,532,996	9,462,462
Less accumulated depreciation	<u>(88,038,343)</u>	<u>(7,325,433)</u>	<u>(95,363,776)</u>
Total capital assets (net of accumulated depreciation)	<u>225,683,778</u>	<u>2,771,178</u>	<u>228,454,956</u>
Total noncurrent assets	<u>225,749,150</u>	<u>2,771,178</u>	<u>228,520,328</u>
TOTAL ASSETS	<u>279,563,678</u>	<u>4,890,804</u>	<u>284,454,482</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	1,930,569	137,898	2,068,467
Deferred OPEB charges	241,529	9,661	251,190
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,172,098</u>	<u>147,559</u>	<u>2,319,657</u>
LIABILITIES			
Current liabilities:			
Accounts payable	574,620	18,354	592,974
Retainage payable	357,478	17,922	375,400
Accrued interest	1,732,474	2,230	1,734,704
Other liabilities	95,030	4,644	99,674
Compensated absences - current	144,000	2,700	146,700
Notes payable - current	2,330,330	-	2,330,330
Revenue bonds payable - current	2,700,390	310,000	3,010,390
Total current liabilities	<u>7,934,322</u>	<u>355,850</u>	<u>8,290,172</u>
Noncurrent liabilities:			
Accrued compensated absences	563,957	41,976	605,933
Notes payable	33,396,478	-	33,396,478
Revenue bonds payable	91,234,121	700,000	91,934,121
Net pension liability	10,795,199	771,086	11,566,285
Net OPEB liability	2,968,448	118,738	3,087,186
Total noncurrent liabilities	<u>138,958,203</u>	<u>1,631,800</u>	<u>140,590,003</u>
TOTAL LIABILITIES	<u>146,892,525</u>	<u>1,987,650</u>	<u>148,880,175</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension credits	84,486	6,035	90,521
Deferred OPEB credits	34,267	1,370	35,637
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>118,753</u>	<u>7,405</u>	<u>126,158</u>
NET POSITION			
Net investment in capital assets	99,990,269	1,761,178	101,751,447
Restricted for debt service	7,988,039	-	7,988,039
Unrestricted	26,746,190	1,282,130	28,028,320
TOTAL NET POSITION	<u>\$ 134,724,498</u>	<u>\$ 3,043,308</u>	<u>\$ 137,767,806</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, 2018

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
Operating Revenues			
Current use charges	\$ 33,782,797	\$ -	\$ 33,782,797
Miscellaneous	834,394	8,053	842,447
Water and sewer tap fees	997,393	-	997,393
Stormwater service fees	-	1,307,616	1,307,616
Total operating revenues	<u>35,614,584</u>	<u>1,315,669</u>	<u>36,930,253</u>
Operating Expenses			
Personnel	4,935,425	312,706	5,248,131
Employee benefits	2,720,448	133,984	2,854,432
Purchased services	5,711,380	211,648	5,923,028
Supplies and materials	1,353,298	20,754	1,374,052
Other operating expenses	1,707,346	46,962	1,754,308
Depreciation and amortization	8,244,342	575,987	8,820,329
Total operating expenses	<u>24,672,239</u>	<u>1,302,041</u>	<u>25,974,280</u>
Operating Income	<u>10,942,345</u>	<u>13,628</u>	<u>10,955,973</u>
Nonoperating Revenues (Expenses)			
Investment earnings	512,753	12,940	525,693
Economic development	(936,114)	-	(936,114)
Miscellaneous revenues	1,930,593	45,500	1,976,093
Gain (loss) on disposal of assets	30,166	(2,685)	27,481
Interest expense	(3,919,154)	(34,295)	(3,953,449)
Total nonoperating revenues (expenses)	<u>(2,381,756)</u>	<u>21,460</u>	<u>(2,360,296)</u>
Income Before Transfers and Capital Contributions	<u>8,560,589</u>	<u>35,088</u>	<u>8,595,677</u>
Capital Contributions	<u>919,842</u>	<u>270,906</u>	<u>1,190,748</u>
Income Before Transfers	<u>9,480,431</u>	<u>305,994</u>	<u>9,786,425</u>
Transfers			
Transfers out	(3,356,229)	(115,000)	(3,471,229)
Total transfers	<u>(3,356,229)</u>	<u>(115,000)</u>	<u>(3,471,229)</u>
Changes in Net Position	<u>6,124,202</u>	<u>190,994</u>	<u>6,315,196</u>
Net position at beginning of year, as restated--Note VI	<u>128,600,296</u>	<u>2,852,314</u>	<u>131,452,610</u>
NET POSITION AT END OF YEAR	<u>\$ 134,724,498</u>	<u>\$ 3,043,308</u>	<u>\$ 137,767,806</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, 2018

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
Cash flows from operating activities			
Receipts from customers and users	\$ 30,422,714	\$ 1,296,993	\$ 31,719,707
Payments to employees for services	(4,917,274)	(312,296)	(5,229,570)
Payments to suppliers for goods and services	(13,123,572)	(409,820)	(13,533,392)
Other receipts	2,764,987	53,553	2,818,540
Net cash provided by operating activities	15,146,855	628,430	15,775,285
Cash flows from noncapital financing activities			
Transfers out	(3,356,229)	(115,000)	(3,471,229)
Net cash used in noncapital financing activities	(3,356,229)	(115,000)	(3,471,229)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(7,711,063)	(197,037)	(7,908,100)
Principal payments on revenue bonds and notes	(4,861,111)	(310,000)	(5,171,111)
Proceeds from issuance of bonds and notes	4,023,277	-	4,023,277
Interest on bonds and notes	(3,943,278)	(34,980)	(3,978,258)
Net cash used in capital and related financing activities	(12,492,175)	(542,017)	(13,034,192)
Cash flows from investing activities			
Investment purchases	(444,472)	(9,776)	(454,248)
Investment income	512,753	12,940	525,693
Net cash provided by investing activities	68,281	3,164	71,445
Net decrease in cash and cash equivalents	(633,268)	(25,423)	(658,691)
Cash and cash equivalents at beginning of year	14,017,225	1,360,230	15,377,455
Cash and cash equivalents at end of year	\$ 13,383,957	\$ 1,334,807	\$ 14,718,764
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 5,375,386	\$ 1,304,094	\$ 6,679,480
Restricted cash and cash equivalents	8,008,571	30,713	8,039,284
Total cash and cash equivalents	\$ 13,383,957	\$ 1,334,807	\$ 14,718,764

	<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	\$ 10,942,345	\$ 13,628	\$ 10,955,973
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,234,776	575,987	8,810,763
Amortization	9,566	-	9,566
Non-cash pension expense	441,518	31,536	473,054
(Increase) decrease in:			
Receivables	(4,357,476)	(10,623)	(4,368,099)
Prepaid expenses	(92,632)	-	(92,632)
Inventories	42,174	-	42,174
Increase (decrease) in:			
Accounts payable	(179,566)	(530)	(180,096)
Retainage payable	85,999	17,922	103,921
Accrued expenses	910	55	965
Compensated absences	19,241	455	19,696
	<u>15,146,855</u>	<u>628,430</u>	<u>15,775,285</u>
Net cash provided by operating activities	<u>\$ 15,146,855</u>	<u>\$ 628,430</u>	<u>\$ 15,775,285</u>

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

City of Florence, South Carolina
Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

Assets

Cash and cash equivalents	\$ 299,904
Investments	<u>62,192</u>

TOTAL ASSETS	\$ <u>362,096</u>
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Liabilities

Due to others	<u>\$ 362,096</u>
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TOTAL LIABILITIES	\$ <u>362,096</u>
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The notes to the financial statements are an integral part of these financial statements.

City of Florence, South Carolina

Notes To Financial Statements

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Florence, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standards setting body for governmental accounting and financial reporting. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Chartered in 1890, the City of Florence operates under a council-manager form of government and provides the following services: public safety, streets, sanitation, culture and recreation, building inspections and permitting, codes enforcement, planning and zoning, public improvements, water and sewer, stormwater and general administrative services.

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

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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 \$616,482 as its share of the debt-service of the Florence Center for the fiscal year ended June 30, 2018. Any additional funding shortfall is to be paid equally by the City and County. The Florence Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Florence Center can be obtained from the Director at 3300 West Radio Drive, Florence, South Carolina 29501.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is to be reported separately from certain legally separate component units for which the primary government is financially accountable. The City of Florence reports no legally separate component units other than the above mentioned blended component unit.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are summarized into a single column. The various fund categories and fund types presented in the financial statements are described below:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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 and Sunday Local Option Revenue Fund.

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

Capital Projects Funds - Capital Project Funds are governmental funds that are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. The funds consist of the 2014 TIF Construction Projects, the 2016 TIF Construction Projects, Florence County Penny Tax II and the Installment Purchase Revenue Bond Capital Projects Fund.

Proprietary Fund Types

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

Fiduciary Fund Types

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for individuals and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of Court Escrow, Fire Trust, Veterans Park Development, Narcotics Holding Funds and Florence Area Humane Society.

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major government funds: *General Fund*. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund: *Hospitality Fund*. This fund is used to account for a 2% Hospitality Fee assessed on prepared food and beverages within the City. *Installment Purchase Revenue Bond Capital Projects Fund*. This fund is used to account for the financial resources that are restricted, committed, or assigned through proceeds from the sale of installment purchase revenue bonds to fund expenditures associated with the purchase of and improvements made to City owned facilities. *2016 TIF Construction Capital Projects Fund*. This fund is used to account for revenues received and paid from the TIF funds. *Florence County Penny Tax II*. This fund is used to account for various construction projects paid from the penny tax collections.

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

New Accounting Pronouncements

During the fiscal year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Split-Interest Agreements*; and Statement No.82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, Statement No. 85, *Omnibus 2017*, and Statement No. 86, *Certain Debt Extinguishment Issues*.

The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The implementation of this Statement resulted in a restatement decreasing beginning net position of the primary government by \$11,002,042.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Accounting Pronouncements (Continued)

The primary objective of Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. There was no financial statement impact as a result of the implementation of the Statement.

The primary objective of Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Required supplementary information has been updated with the implementation of this statement.

The primary objective of Statement No. 85 is to address practice issues that have been identified during implementation and application of certain GASB statements. There was no financial statement impact as a result of the implementation of the statement.

The primary objective of Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – revenues other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. There was no financial statement impact as a result of the implementation of the Statement.

The GASB has issued the following new statements:

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending June 30, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending June 30, 2020;
- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2021;
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which will be effective for the year ending June 30, 2019;
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending June 30, 2021; and
- Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*, which will be effective for the year ending June 30, 2020.

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

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

1. Cash and Investments

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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 no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

2. Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

Governmental Funds

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Continued)

Governmental Funds (Continued)

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

Proprietary Fund Types

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

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

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

6. Unearned and Unavailable Revenues

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

7. Property Taxes

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

Assessed values are established by the Florence County Assessor and the South Carolina Department of Revenue and were approximately \$173.0 million for the 2017 tax year. The City's property tax rate for fiscal year 2018 was 60.9 mils (operating 58.1, debt service 2.8). Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Property Taxes (Continued)

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 Motor Vehicle Division of the South Carolina Department of Transportation. Payment of vehicle property tax is required as a condition of annual vehicle registration with the Motor Vehicle Division of the Department of Transportation.

8. Compensated Absences

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

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

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

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

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, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Deferred Outflows/Inflows of Resources

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

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

11. Net Position/Fund Balance

Government-wide Statements

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

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

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

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

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, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. 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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Estimates

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

13. Pensions

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

14. Other Post-Employment Benefits

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

15. Fair Value

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

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Fair Value (Continued)

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

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

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

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

16. Tax Abatement Agreements

During the year ended June 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2018, the City did not have any such agreements, either entered into by the City or other governments that exceeded the quantitative threshold for disclosure.

17. Operating Revenues and Expenses

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

18. Lease Accounting

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

19. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

19. Interfund Activity (Continued)

proprietary funds. Repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them are not presented on the financial statements. Interfund loans may occur between two funds. Short-term interfund loans outstanding at year-end are recorded as interfund receivables/payables and are expected to be paid within one year. Advances to/from other funds represent long-term interfund loans receivable and payable. Reimbursements result when one fund makes an expenditure on behalf of another. Reimbursements reduce expenditures in the reimbursed fund and increase those in the reimbursing fund.

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

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

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

Accrued interest payable	\$ (266,323)
Capital leases payable	(6,088,630)
Notes payable	(749,554)
General obligation bonds payable	(6,046,942)
Revenue bonds payable	(58,333,000)
Compensated absences	(2,679,075)
OPEB liability payable	<u>(8,173,111)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ (82,336,635)</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 \$12,944 difference are as follows:

Deferred revenue – current year	\$ 81,286
Deferred revenue – prior year	<u>(68,342)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 12,944</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

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

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

Another element of that reconciliation states that "Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net position." The details of this \$(11,307,763) difference are as follows:

Issuance of debt	\$ (15,366,954)
Payment of long-term debt principal	<u>4,059,191</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (11,307,763)</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 \$(1,249,206) difference are as follows:

Compensated absences – current year	\$ (2,679,075)
Compensated absences – prior year	2,134,421
Accrued interest – current year accrual	(266,323)
Accrued interest – prior year accrual	206,630
Net OPEB liability – current year accrual	<u>(644,859)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,249,206)</u>

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

For the fiscal year ended June 30, 2018, 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, 2018, the City's bank balance was \$21,873,006, all of which was collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name.

Restricted cash of \$1,697,516 at June 30, 2018, in the Governmental Funds is comprised of grant funds. Restricted cash of \$8,039,284 in the Enterprise Fund includes \$3,967,810 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

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

Investments

As of June 30, 2018, the city had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less than 1	1 - 5	
South Carolina Local Government Investment Pool	\$ 69,564,451	\$ 69,564,451	\$ -	N/A

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than three years.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As a result, as of June 30, 2018, none of the City's investments are exposed to custodial credit risk.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

A. Deposits and Investments (Continued)

Investments (Continued)

Concentrations of Credit Risk

The City places no limit on the amount that the City may be invested in any one issuer or type of investment. Credit quality distribution for securities with credit exposure as a percentage of total investments are as follows. As of June 30, 2018, all of the City's investments were with the South Carolina Local Government Investment Pool which is exempt from risk categorization because third-party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under the Investment Company Act of 1940 because of the provisions of Section 2B and is not subject to any regulatory oversight. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

Credit Risk

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. As of June 2018, none of the City's investments are exposed to credit risk.

B. Receivables

Receivables as of June 30, 2018, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental Activities</u>	<u>General</u>	<u>Hospitality</u>	<u>Florence County Penny II Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Activities</u>
Taxes	\$ 200,337	\$ -	\$ -	\$ 20,667	\$ 221,004
Intergovernmental	4,508,881	-	1,108,658	283,225	5,900,764
Other	9,011	384,645	-	-	393,656
Gross receivables	4,718,229	384,645	1,108,658	303,892	6,515,424
Less: Allowance for uncollectibles	(39,785)	-	-	-	(39,785)
Total receivables (net)	\$ 4,678,444	\$ 384,645	\$ 1,108,658	\$ 303,892	\$ 6,475,639
			<u>Total Business-type Activities</u>		
<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>			
Accounts receivable	\$ 5,200,403	\$ 109,926	\$ 5,310,329		
Intergovernmental	4,692,872	-	4,692,872		
Other	-	10,500	10,500		
Gross receivables	9,893,275	120,426	10,013,701		
Less: Allowance for uncollectibles	(40,494)	(1,099)	(41,593)		
Total receivables (net)	\$ 9,852,781	\$ 119,327	\$ 9,972,108		

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

B. Receivables (Continued)

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, 2018, the various components of deferred inflows and unearned revenue in the governmental funds and activities were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 81,286	\$ -
Grant drawdowns prior to meeting eligibility requirements - recreation	-	22,680
Local option sales tax receivable	-	1,975,960
	<u>\$ 81,286</u>	<u>\$ 1,998,640</u>

C. Capital Assets

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

	Balances June 30, 2017	Increases	Decreases	Transfers	Balances June 30, 2018
Capital assets not being depreciated:					
Land	\$ 16,115,279	\$ 662,045	\$ 860,281	\$ -	\$ 15,917,043
Construction in progress	<u>28,329,663</u>	<u>8,236,190</u>	<u>256,925</u>	<u>(23,379,280)</u>	<u>12,929,648</u>
Total capital assets not being depreciated	<u>44,444,942</u>	<u>8,898,235</u>	<u>1,117,206</u>	<u>(23,379,280)</u>	<u>28,846,691</u>
Capital assets being depreciated:					
Buildings	19,848,610	566,079	450,079	15,303,206	35,267,816
Infrastructure	27,085,067	1,589,992	-	7,514,528	36,189,587
Machinery and equipment	<u>17,841,314</u>	<u>1,900,250</u>	<u>755,413</u>	<u>641,674</u>	<u>19,627,825</u>
Total capital assets being depreciated	<u>64,774,991</u>	<u>4,056,321</u>	<u>1,205,492</u>	<u>23,459,408</u>	<u>91,085,228</u>
Less accumulated depreciation for:					
Buildings	(5,075,735)	(540,048)	(49,868)	-	(5,565,915)
Infrastructure	(15,835,568)	(927,531)	-	-	(16,763,099)
Machinery and equipment	<u>(13,449,845)</u>	<u>(1,060,538)</u>	<u>(735,646)</u>	<u>(80,128)</u>	<u>(13,854,865)</u>
Total accumulated depreciation	<u>(34,361,148)</u>	<u>(2,528,117)</u>	<u>(785,514)</u>	<u>(80,128)</u>	<u>(36,183,879)</u>
Total capital assets being depreciated, net	<u>30,413,843</u>	<u>1,527,204</u>	<u>419,978</u>	<u>23,379,280</u>	<u>54,900,349</u>
Governmental activities capital assets, net	<u>\$ 74,858,785</u>	<u>\$ 10,426,439</u>	<u>\$ 1,537,184</u>	<u>\$ -</u>	<u>\$ 83,748,040</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

C. Capital Assets (Continued)

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

	Balances June 30, 2017	Increases	Decreases	Transfers	Balances June 30, 2018
Capital assets not being depreciated:					
Land	\$ 2,411,680	\$ 3,860	\$ -	\$ -	\$ 2,415,540
Construction in progress	<u>8,372,384</u>	<u>8,107,195</u>	<u>400,824</u>	<u>(6,217,377)</u>	<u>9,861,378</u>
Total capital assets not being depreciated	<u>10,784,064</u>	<u>8,111,055</u>	<u>400,824</u>	<u>(6,217,377)</u>	<u>12,276,918</u>
Capital assets being depreciated:					
Buildings and system	294,616,305	1,245,670	-	6,217,377	302,079,352
Machinery and equipment	<u>8,769,447</u>	<u>1,226,764</u>	<u>461,133</u>	<u>(72,616)</u>	<u>9,462,462</u>
Total capital assets being depreciated	<u>303,385,752</u>	<u>2,472,434</u>	<u>461,133</u>	<u>6,144,761</u>	<u>311,541,814</u>
Less accumulated depreciation for:					
Buildings and system	(80,882,684)	(8,122,782)	-	-	(89,005,466)
Machinery and equipment	<u>(6,199,065)</u>	<u>(687,980)</u>	<u>(456,119)</u>	<u>72,616</u>	<u>(6,358,310)</u>
Total accumulated depreciation	<u>(87,081,749)</u>	<u>(8,810,762)</u>	<u>(456,119)</u>	<u>72,616</u>	<u>(95,363,776)</u>
Total capital assets being depreciated, net	<u>216,304,003</u>	<u>(6,338,328)</u>	<u>5,014</u>	<u>6,217,377</u>	<u>216,178,038</u>
Business-type activities capital assets, net	<u>\$ 227,088,067</u>	<u>\$ 1,772,727</u>	<u>\$ 405,838</u>	<u>\$ -</u>	<u>\$228,454,956</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities		
General government		\$ 308,806
Public safety		564,688
Public works		911,737
Culture and recreation		<u>742,886</u>
Total depreciation - governmental activities		<u>\$ 2,528,117</u>
Business-Type Activities		
Water and sewer		\$ 8,234,775
Stormwater		<u>575,987</u>
Total depreciation - business-type activities		<u>\$ 8,810,762</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2018 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 166,964	\$ -
Nonmajor governmental	-	167,264
Water and sewer	<u>300</u>	<u>-</u>
Total	<u>\$ 167,264</u>	<u>\$ 167,264</u>

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

Interfund transfers for the year ended June 30, 2018, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 4,299,777	\$ -
Hospitality fund	-	1,485,000
Installment Purchase Rev Bonds Capital Projects Fund	206,808	-
Nonmajor governmental funds	<u>1,042,150</u>	<u>592,506</u>
Total governmental funds	<u>5,548,735</u>	<u>2,077,506</u>
Water and sewer enterprise fund	-	3,356,229
Nonmajor enterprise funds	<u>-</u>	<u>115,000</u>
Total enterprise funds	<u>-</u>	<u>3,471,229</u>
Total transfers out	<u>\$ 5,548,735</u>	<u>\$ 5,548,735</u>

The transfers consist primarily of \$3,563,038 to General Fund from Water and Sewer Enterprise Fund and \$1,485,000 to General Fund from Hospitality Fund based on budgetary authorization.

E. Capital Leases

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

Machinery & equipment	\$ 4,155,283
Buildings	5,300,000
Less: accumulated depreciation	<u>(1,921,175)</u>
Total	<u>\$ 7,534,108</u>

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

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

E. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these lease payments at June 30, 2018, were as follows:

Year Ending June 30,	
2019	\$ 996,772
2020	666,781
2021	614,318
2022	572,768
2023	390,000
2024-2028	1,950,000
2029-2033	<u>1,950,000</u>
	7,140,639
Less amount representing interest	<u>1,052,009</u>
	<u>\$ 6,088,630</u>

F. Long-Term Debt

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<u>Governmental Activities</u>					
General obligations bonds	\$ 8,382,433	\$ -	\$ 2,335,491	\$ 6,046,942	\$ 2,351,164
Tax Increment Revenue Bonds	35,570,000	-	-	35,570,000	-
Hospitality Revenue Bonds	8,572,000	-	809,000	7,763,000	847,000
Installment Purchase Rev Bond	-	15,000,000	-	15,000,000	804,000
Capital leases	6,905,930	32,400	849,700	6,088,630	816,885
Notes payable	480,000	334,554	65,000	749,554	399,554
Compensated absences	<u>2,134,421</u>	<u>3,362,944</u>	<u>2,818,290</u>	<u>2,679,075</u>	<u>260,000</u>
	<u>\$ 62,044,784</u>	<u>\$ 18,729,898</u>	<u>\$ 6,877,481</u>	<u>\$ 73,897,201</u>	<u>\$ 5,478,603</u>
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 95,078,787	\$ -	\$ 2,568,677	\$ 92,510,110	\$ 2,474,943
Stormwater	1,320,000	-	310,000	1,010,000	325,000
Bond premium	<u>1,634,848</u>	<u>-</u>	<u>210,447</u>	<u>1,424,401</u>	<u>210,447</u>
Total bonds payable	98,033,635	-	3,089,124	94,944,511	3,010,390
Notes payable					
Water and sewer	33,785,520	4,023,277	2,081,989	35,726,808	2,330,330
Compensated absences					
Water and sewer	688,716	944,117	918,721	714,112	144,000
Stormwater	<u>44,221</u>	<u>58,242</u>	<u>63,942</u>	<u>38,521</u>	<u>2,700</u>
	<u>\$ 132,552,092</u>	<u>\$ 5,025,636</u>	<u>\$ 6,153,776</u>	<u>\$ 131,423,952</u>	<u>\$ 5,487,420</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

F. Long-Term Debt (Continued)

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

General obligation bonds payable from governmental activities at June 30, 2018 are as follows:

In August 2010, the City issued a \$5,345,000 General Obligation Bond. The bond is for capital improvements, equipment purchases, and related issuance costs. The bond has a 3.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures June 30, 2026.	\$ 3,296,942
In March 2016, the City issued a \$6,750,000 General Obligation Bond. The bond is to defray the cost of acquisition, construction and equipping of a municipal soccer complex and improvements to its regional recreation facility. The bond has a 1.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures March 1, 2020.	<u>2,750,000</u>
	<u>\$ 6,046,942</u>

Revenue bonds payable from governmental activities at June 30, 2018 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. The bond matures June 30, 2035.	\$ 9,055,000
In November, 2016, the City issued a \$26,515,000 Revenue Bond. The bond is for capital improvements in the downtown area and related issuance costs. The bond has a 3.83% interest rate and requires semi-annual interest payments and annual principal payments. 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. The bond matures April 1, 2024.	2,909,000
In June 2014, the City issued a \$1,545,000 Refunding Revenue Bond. The bond is for capital improvements and related issuance costs. The bond has a 2.05% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures June 1, 2021.	702,000

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

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

F. Long-Term Debt (Continued)

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

4,152,000

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

15,000,000

Total revenue bonds

\$ 58,333,000

Notes payable from governmental activities at June 30, 2018 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%. 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.

\$ 415,000

In June 2017, the City borrowed \$334,554 on a note with the South Carolina Community Loan Fund for construction and rehabilitation of properties through the Neighborhood Redevelopment Program. The note bears interest at 5.25% and interest is payable monthly. The note matures on November 24, 2018.

334,554

Total notes payable

\$ 749,554

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

Year Ending June 30,	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 2,351,164	\$ 130,535	\$ 399,554	\$ 19,179
2020	1,117,390	95,982	65,000	16,095
2021	384,187	75,407	65,000	12,900
2022	401,573	62,992	65,000	9,647
2023	419,567	50,018	65,000	6,339
2024-2026	1,373,061	66,322	90,000	2,336
	<u>\$ 6,046,942</u>	<u>\$ 481,256</u>	<u>\$ 749,554</u>	<u>\$ 66,496</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

F. Long-Term Debt (Continued)

Year Ending June 30,	Total Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,651,000	\$ 2,041,081	\$ 4,401,718	\$ 2,190,795
2020	1,715,000	1,867,890	2,897,390	1,979,967
2021	1,931,000	1,819,440	2,380,187	1,907,747
2022	1,876,000	1,766,888	2,342,573	1,839,527
2023	2,020,000	1,720,493	2,504,567	1,776,850
2024-2028	9,378,000	7,834,867	10,841,061	7,903,525
2029-2033	10,718,000	6,457,434	10,718,000	6,457,434
2034-2038	6,839,000	5,030,071	6,839,000	5,030,071
2039-2043	10,240,000	3,604,206	10,240,000	3,604,206
2044-2048	11,965,000	963,225	11,965,000	963,225
	<u>\$ 58,333,000</u>	<u>\$ 33,105,595</u>	<u>\$ 65,129,496</u>	<u>\$ 33,653,347</u>

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

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2018
<i>Secured by Water and Sewer Fund Revenues</i>					
Revenue Bonds	Series 2010A	\$ 31,005,000	2.00 to 4.00	9/1/2018	\$ 2,225,000
	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	67,995,000
	Series 2014	6,004,585	1.875	3/28/2053	5,591,495
	Series 2015	2,702,348	2.35	6/1/2032	2,293,615
	Series 2016	14,405,000	1.75	9/1/2024	<u>14,405,000</u>
Total Revenue Bonds Secured by Water and Sewer Fund Revenues					92,510,110
<i>Secured by Stormwater Utility Fund Revenues</i>					
Revenue Bonds	Series 2006	4,000,000	2.65	6/2/2021	<u>1,010,000</u>
Total Revenue Bonds					<u>\$ 93,520,110</u>
<i>Secured by Water and Sewer Fund Revenues</i>					
Notes Payable	May 1999	\$ 2,767,997	2.25	3/1/2020	\$ 313,534
	May 2000	6,210,343	2.25	7/1/2029	3,292,162
	January 2003	2,517,834	2.25	2/1/2030	1,434,342
	June 2009	19,015,957	2.81	4/1/2031	13,137,096
	May 2013	10,626,372	1.90	4/1/2034	8,761,915
	September 2013	3,890,000	1.90	9/1/2034	3,207,620
	September 2014	1,750,566	1.00	4/1/2045	1,556,862
	June 2018*	2,260,938	1.00	12/1/2048	2,109,279
	June 2018*	5,730,149	1.00	2/1/2049	<u>1,913,998</u>
Total Notes Payable					<u>\$ 35,726,808</u>

* The City began drawing down on two notes from the South Carolina Water Quality Revolving Fund Authority in June 2018. The total loan amount available to the City for the Timmonsville water and sewer system rehabilitation is \$7,991,087. As of June 30, 2018, the City had drawn \$4,023,277 of this amount which is included in construction in progress and in notes payable.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

F. Long-Term Debt (Continued)

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

Year Ending June 30,	Combined Revenue Bonds		Total Notes Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 2,799,943	\$ 5,334,476	\$ 2,330,328	\$ 691,676	\$ 5,130,271	\$ 6,026,152
2020	2,850,324	4,708,764	2,447,581	669,028	5,297,905	5,377,792
2021	2,900,822	4,648,888	2,356,409	622,787	5,257,231	5,271,675
2022	2,611,440	4,587,645	2,402,153	577,043	5,013,593	5,164,688
2023	2,677,181	4,510,354	2,448,958	530,238	5,126,139	5,040,592
2024-2028	17,141,499	20,519,407	12,595,614	1,845,655	29,737,113	22,365,062
2029-2033	21,855,600	15,112,959	8,919,419	536,290	30,775,019	15,649,249
2034-2038	25,603,706	8,123,047	1,836,715	63,036	27,440,421	8,186,083
2039-2043	12,952,066	1,035,479	316,441	20,419	13,268,507	1,055,898
2044-2048	907,566	166,054	73,190	946	980,756	167,000
2049-2053	1,219,963	77,719	-	-	1,219,963	77,719
	<u>\$ 93,520,110</u>	<u>\$ 68,824,792</u>	<u>\$ 35,726,808</u>	<u>\$ 5,557,118</u>	<u>\$ 129,246,918</u>	<u>\$ 74,381,910</u>

G. Fund Balances – Governmental Funds

As of June 30, 2018, fund balances are composed of the following:

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	Florence County Penny II Capital Projects Fund	2016 TIF Construction Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable	\$ 2,145,914	\$ -	\$ -	\$ -	\$ -	\$ 11,473	\$ 2,157,387
Restricted for:							
Community Development:							
Housing Partnership	-	-	-	-	-	22,345	22,345
HOME Program	-	-	-	-	-	366,258	366,258
NSP Grant	-	-	-	-	-	84,675	84,675
Block Grant	-	-	-	-	-	887	887
NSP-3 Grant	-	-	-	-	-	87,047	87,047
Neighborhood Redevelopment	-	-	-	-	-	1,769,928	1,769,928
Neighborhood Imp. Program	-	-	-	-	-	67,639	67,639
Public Safety:							
E-911	-	-	-	-	-	352,144	352,144
Victims Services	-	-	-	-	-	108,781	108,781
Drug Control	-	-	-	-	-	162,246	162,246
Federal Equitable Sharing	-	-	-	-	-	626	626
Public Safety Grants	-	-	-	-	-	36,055	36,055
Capital Projects:							
TIF Revenue & Debt Services	-	-	-	-	-	1,364,952	1,364,952
TIF Construction Projects	-	-	-	-	17,906,605	-	17,906,605
Florence County Penny Tax II	-	-	-	76,143	-	-	76,143
Installment Purchase Rev Bonds	-	-	15,165,052	-	-	-	15,165,052
Tourism:							
Sunday Local Option Revenue Fund	-	-	-	-	-	131,200	131,200
Hospitality Fund	-	1,873,111	-	-	-	-	1,873,111
Debt Service	-	-	-	-	-	751,477	751,477
	<u>-</u>	<u>1,873,111</u>	<u>15,165,052</u>	<u>76,143</u>	<u>17,906,605</u>	<u>5,306,260</u>	<u>40,327,171</u>
Committed to:							
Rollcart and Equipment Replacement	-	-	-	-	-	19,816	19,816
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,816</u>	<u>19,816</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

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

G. Fund Balances – Governmental Funds (Continued)

	General Fund	Hospitality Fund	Installment Purchase Rev Bonds Capital Projects Fund	Florence County Penny II Capital Projects Fund	2016 TIF Construction Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assigned to:							
Subsequent Year's Expenditures	2,339,600	-	-	-	-	-	2,339,600
Downtown Redevelopment:							
Incubator Operating Fund	32,026	-	-	-	-	-	32,026
Downtown Revitalization	187,533	-	-	-	-	-	187,533
Capital Projects:							
City Center Reserve Fund	307,279	-	-	-	-	-	307,279
Hurricane Matthew	872,172	-	-	-	-	-	872,172
Parks and Athletic Programs:							
Recreation Registration	1,620	-	-	-	-	-	1,620
Recreation Projects	17,107	-	-	-	-	-	17,107
Park Commission	4,797	-	-	-	-	-	4,797
Recreation Programs	10,740	-	-	-	-	-	10,740
Public Safety:							
Drug Free Florence	58	-	-	-	-	-	58
Employee Assistance	3,644	-	-	-	-	-	3,644
	<u>3,776,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,776,576</u>
Unassigned	11,053,105	-	-	-	-	-	11,053,105
Total Fund Balances	<u>\$16,975,595</u>	<u>\$1,873,111</u>	<u>\$15,165,052</u>	<u>\$76,143</u>	<u>\$17,906,605</u>	<u>\$5,337,549</u>	<u>\$57,334,055</u>

NOTE V - OTHER INFORMATION

A. Employee Benefits

1. State Retirement Plans

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Membership

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

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

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

Benefits Provided

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

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Benefits Provided - Continued

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

Contributions

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

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

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions - Continued

The rates below are based on the employee's earnable compensation as defined in Title 9 of the South Carolina Code of Laws. Required contribution rates for the fiscal years ended June 30, 2018 and June 30, 2017 are as follows:

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

	2017 Employer Contributions				
	2017 Employee Retirement Contributions	Retirement	Accidental Death Program	Group Life Insurance Program	Total
	SCRS	8.66%	11.41%	N/A	0.15%
PORS	9.24%	13.84%	0.20%	0.20%	14.24%

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

The amount due to SCRS and PORS was \$554,455 at June 30, 2018. The amount was due to PEBA by July 31, 2018 for legally required contributions per the preceding table for the month of June 2018.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. State statute requires that an actuarial experience study be completed at least once in every five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith & Company (GRS), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to June 30, 2017 using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. Net pension liability totals as of June 30, 2017 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	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%
PORS	7,013,684,001	4,274,123,178	2,739,560,823	60.9%

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, 2018, the City reported a liability of \$25,702,854 for SCRS and \$16,944,567 for PORS for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Organizations, actuarially determined. At June 30, 2017 and 2016, the City's proportion was:

	2017	2016
SCRS	0.114176%	0.110488%
PORS	0.618510%	0.623640%

For the year ended June 30, 2018, the City recognized pension expense of \$3,033,507 for SCRS and \$1,795,433 for PORS. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,583	\$ 14,264
Change in assumptions	1,504,626	-
Net difference between projected and actual earnings on pension plan investments	717,503	-
Changes in proportion and differences between City contributions and proportionate share of contributions	641,143	186,912
City contributions subsequent to the measurement date	1,618,738	-
Total	\$ 4,596,593	\$ 201,158

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 151,097	\$ -
Change in assumptions	1,608,196	-
Net difference between projected and actual earnings on pension plan investments	602,297	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	699,073
City contributions subsequent to the measurement date	<u>1,275,132</u>	<u>-</u>
Total	<u>\$ 3,636,722</u>	<u>\$ 669,073</u>

\$1,618,738 for SCRS and \$1,275,132 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, 2019. 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
2019	\$ 840,358	\$ 487,953
2020	1,299,943	678,327
2021	873,815	463,143
2022	<u>(237,419)</u>	<u>33,094</u>
Total	<u>\$ 2,776,697</u>	<u>\$ 1,662,517</u>

Contributions

The total pension liability in the July 01, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Contributions - Continued

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

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

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. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through July 1, 2015, and the next experience study is underway.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return net of investment fees, represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using an arithmetic building block approach based on consensus expectations and market based inputs.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

Long-term expected rate of return - Continued

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Discount rate

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

A. Employee Benefits (Continued)

1. State Retirement Plans (Continued)

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

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

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 33,127,448	\$ 25,702,854	\$ 21,197,870
PORS	\$ 22,878,241	\$ 16,944,567	\$ 12,270,495

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCRS and PORS financial reports.

2. Deferred Compensation Plan

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

B. Postemployment Benefits Other Than Pensions

Plan Description

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

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.

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Plan Description (Continued)

As of December 31, 2017, the most recent measurement date for the plan, there were 531 covered participants; 97 were retirees and their beneficiaries receiving benefits, and 434 were active participants.

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

Funding Policy

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$472.64 for retirees and \$996.08 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 \$472.64 for retirees after age 65.

For Retirees Before July 14, 2008

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

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

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

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

For Retirees After July 14, 2008

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

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

Net OPEB Liability

The net OPEB liability of \$11,873,793 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

City of Florence, South Carolina
Notes To Financial Statements - Continued
June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

Target Allocation

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

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

Discount Rate

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2016	\$ 15,139,757	\$ 3,244,791	\$ 11,894,966
Changes for the year:			
Service cost	391,451	-	391,451
Interest	709,445	-	709,445
Difference between expected and actual experience	(156,264)	-	(156,264)
Contributions - employer	-	893,924	(893,924)
Benefit payments and implicit subsidy credit	(412,920)	(412,920)	-
Plan administrative expenses	-	(19,926)	19,926
Net investment income	-	91,807	(91,807)
Net changes	<u>531,712</u>	<u>552,885</u>	<u>(21,173)</u>
Balance at December 31, 2017	<u>\$ 15,671,469</u>	<u>\$ 3,797,676</u>	<u>\$ 11,873,793</u>

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

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

	<u>1% Decrease (3.75%)</u>	<u>Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Total OPEB liability	<u>\$ 14,057,668</u>	<u>\$ 11,873,793</u>	<u>\$ 10,060,936</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

B. Postemployment Benefits Other Than Pensions (Continued)

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

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

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 10,732,461</u>	<u>\$ 11,873,793</u>	<u>\$ 13,280,156</u>

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$893,924. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 58,516	\$ 137,067
City contributions subsequent to the measurement date	<u>907,600</u>	<u>-</u>
	<u>\$ 966,116</u>	<u>\$ 137,067</u>

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

Year ended June 30,	
2019	\$ (4,568)
2020	(4,568)
2021	(4,568)
2022	(4,568)
2023	(19,197)
Thereafter	<u>(41,082)</u>
	<u>\$ (78,551)</u>

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE V - OTHER INFORMATION (Continued)

C. Risk Management

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

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2018, the outstanding commitments total approximately \$9,223,615.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,542,500 for the year ended June 30, 2018, 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, 2018 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.

NOTE VI - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made to the governmental and business-type beginning net positions to reflect the prior period costs related to the implementation of GASB Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."*

City of Florence, South Carolina

Notes To Financial Statements - Continued

June 30, 2018

NOTE VI - PRIOR PERIOD ADJUSTMENTS (Continued)

The restatement of beginning net position of the governmental activities is summarized as follows:

Governmental Activities	
Net position at July 1, 2017, as previously stated	\$ 34,415,175
Net OPEB liability adjustment	<u>(8,141,748)</u>
Net position at July 1, 2017, as restated	<u>\$ 26,273,427</u>

The restatement of beginning net position of the business-type activities is summarized as follows:

Business-Type Activities	
Net position at July 1, 2017, as previously stated	\$ 134,312,904
Net OPEB liability adjustment	<u>(2,860,294)</u>
Net position at July 1, 2017, as restated	<u>\$ 131,452,610</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- South Carolina Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions
- South Carolina Police Officers Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions
- Pension Plan Supplementary Information Note
- Other Post-Employment Benefits
 - Schedule of Changes in the Net OPEB Liability and Related Ratios
 - Schedule of Employer Contributions – OPEB
- OPEB Supplementary Information Note

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence's Proportionate Share
of the Net Pension Liability
South Carolina Retirement System
Last Five Fiscal Years

	Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.11%	0.11%	0.11%	0.11%	0.11%
Proportionate share of the net pension liability	\$ 25,702,854	\$ 23,600,074	\$ 20,739,324	\$ 19,459,674	\$ 20,273,191
Covered-employee payroll	\$ 11,937,594	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182	\$ 9,972,880
Proportionate share of the net pension liability as a percentage of covered-employee payroll	215.310%	222.267%	203.186%	189.810%	203.283%
Plan fiduciary net position as a percentage of the total pension liability	53.300%	52.900%	57.000%	59.919%	56.388%

Notes to Schedule:

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

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

	Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,618,738	\$ 1,328,945	\$ 1,174,337	\$ 1,112,568	\$ 1,086,731
Contributions in relation to the contractually required contribution	<u>1,618,738</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>
City's covered-employee payroll	\$ 11,937,594	\$ 11,496,064	\$ 10,617,875	\$ 10,207,040	\$ 10,252,182
Contributions as a percentage of covered-employee payroll	13.56%	11.56%	11.06%	10.900%	10.600%

Notes to Schedule:

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina
Required Supplementary Information
Schedule of the City of Florence's Proportionate Share
of the Net Pension Liability
South Carolina Police Officers Retirement System
Last Five Fiscal Years

	Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.619%	0.624%	0.655%	0.680%	0.680%
Proportionate share of the net pension liability	\$ 16,944,567	\$ 15,818,344	\$ 14,284,381	\$ 13,024,941	\$ 14,103,614
Covered-employee payroll	\$ 7,851,798	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305	\$ 8,156,983
Proportionate share of the net pension liability as a percentage of covered-employee payroll	215.80%	199.25%	175.87%	159.71%	172.90%
Plan fiduciary net position as a percentage of the total pension liability	60.900%	60.400%	64.600%	67.549%	62.979%

Notes to Schedule:

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

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

	<u>2018</u>	<u>2017</u>	Year Ended June 30, <u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,275,132	\$ 1,184,595	\$ 1,090,824	\$ 1,089,163	\$ 1,047,142
Contributions in relation to the contractually required contribution	<u>1,275,132</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>
City's covered-employee payroll	\$ 7,851,798	\$ 8,318,785	\$ 7,939,039	\$ 8,122,022	\$ 8,155,305
Contributions as a percentage of covered-employee payroll	16.24%	14.24%	13.74%	13.410%	12.840%

Notes to Schedule:

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Florence, South Carolina

Pension Plan Supplementary Information Note

For the Year Ended June 30, 2018

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the fiscal year ended June 30, 2016 (the measurement year).

CHANGES OF ASSUMPTIONS

Actuarial assumptions utilized during the fiscal year ended June 30, 2017 (the measurement year) included a discount rate of 7.25% and inflation of 2.25%. The prior assumptions included a discount rate of 7.5% and inflation of 2.75%.

City of Florence, South Carolina

Schedule of Changes in the Net OPEB Liability and Related Ratios

Total OPEB Liability	
Service cost	\$ 391,451
Interest cost	709,445
Difference between expected and actual experience	(156,264)
Benefit payments	<u>(412,920)</u>
Net change in total OPEB liability	531,712
Total OPEB liability - beginning	<u>15,139,757</u>
Total OPEB liability - ending	<u><u>\$ 15,671,469</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 893,924
Net investment income	91,807
Benefit payments	(412,920)
Administrative expense	<u>(19,926)</u>
Net change in Plan Fiduciary Net Position	552,885
Plan Fiduciary Net Position - beginning	<u>3,244,791</u>
Plan Fiduciary Net Position - ending	<u><u>\$ 3,797,676</u></u>
Net OPEB Liability	\$ 11,873,793
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	24.23%
Covered employee payroll	\$ 16,669,414
Net OPEB liability as a percentage of covered employee payroll	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

Actuarially Determined Employer Contributions	\$ 951,531
Contributions in relation to the actuarially determined employer contributions	<u>(893,924)</u>
Contribution Deficiency (excess)	<u>57,607</u>
Covered Employee Payroll	\$ 16,669,414
Contributions as a percentage of covered employee payroll	5.36%

Fiscal year 2018 was the first year of implementation of GASB 75, therefore only one year is shown.

City of Florence, South Carolina

OPEB Supplementary Information Note

Year Ended June 30, 2018

CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended December 31, 2017 (the measurement date).

No changes in assumptions were made for the measurement date of December 31, 2017.

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.

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

To account for revenue from grants and other sources that is legally restricted to expenditures for specific purposes.

Housing Partnership - This fund is used to account for the expenditure of Housing Action Partnership Program grant.

HOME Program - This fund is used to account for the expenditure of HOME investment partnerships program grant.

Community Development Block Grant - This fund is used to account for the expenditures of community development block grants and HUD Section 108 loan proceeds.

Rollcart and Equipment Replacement – This fund is used to account for the costs associated with the repair and replacement of garbage collection rollcarts and recycle bins within the City.

E-911 - This fund is used to account for funds received for communication costs for 911 emergency services.

Victims Services - This fund is used to account for funds received to provide services to victims of crime.

Drug Control - This fund is used to account for funds seized in drug related cases that have been awarded to the City and are available for use.

Federal Equitable Sharing - This fund is used to account for revenues derived from forfeitures of federally seized assets which are expended to enhance law enforcement.

NSP Grant – This fund is used to account for program expenditures of the HUD funded grant, Neighborhood Stabilization Program.

Neighborhood Improvement Program – This fund is used for project expenditures to revitalize neighborhoods in the City.

Accommodation Tax - This fund is used to account for funds received from the State to promote tourism in the City.

Public Safety Grants - This fund is used to account for grant funds to reduce crime and improve public safety.

NSP-3 Grant - This fund is used to account for program expenditures of HUD funded grant, Neighborhood Stabilization Program.

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

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

DEBT SERVICE FUNDS

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

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

CAPITAL PROJECTS FUNDS

2014 TIF Construction Projects - This fund is used to account for various construction projects with the 2014 TIF funds.

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Special Revenue Funds</u>				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
ASSETS					
Cash and cash equivalents	\$ 22,345	\$ 366,268	\$ -	\$ 19,816	\$ 361,417
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	-	-	22,141	-	-
Inventory	-	-	-	11,473	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 22,345</u>	<u>\$ 366,268</u>	<u>\$ 22,141</u>	<u>\$ 31,289</u>	<u>\$ 361,417</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10	\$ 1,211	\$ -	\$ 9,273
Retainage payable	-	-	-	-	-
Due to other funds	-	-	20,043	-	-
Total liabilities	<u>-</u>	<u>10</u>	<u>21,254</u>	<u>-</u>	<u>9,273</u>
Fund balances:					
Nonspendable	-	-	-	11,473	-
Restricted	22,345	366,258	887	-	352,144
Committed	-	-	-	19,816	-
Total fund balances	<u>22,345</u>	<u>366,258</u>	<u>887</u>	<u>31,289</u>	<u>352,144</u>
Total liabilities and fund balances	<u>\$ 22,345</u>	<u>\$ 366,268</u>	<u>\$ 22,141</u>	<u>\$ 31,289</u>	<u>\$ 361,417</u>

Special Revenue Funds

<u>Victms Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>
\$ 108,781	\$ 162,246	\$ 626	\$ 122,435	\$ 63,883
-	-	-	-	-
-	-	-	-	11,490
-	-	-	-	-
-	-	-	-	-
<u>\$ 108,781</u>	<u>\$ 162,246</u>	<u>\$ 626</u>	<u>\$ 122,435</u>	<u>\$ 75,373</u>
\$ -	\$ -	\$ -	\$ 3,216	\$ 7,734
-	-	-	-	-
-	-	-	34,544	-
-	-	-	37,760	7,734
-	-	-	-	-
108,781	162,246	626	84,675	67,639
-	-	-	-	-
<u>108,781</u>	<u>162,246</u>	<u>626</u>	<u>84,675</u>	<u>67,639</u>
<u>\$ 108,781</u>	<u>\$ 162,246</u>	<u>\$ 626</u>	<u>\$ 122,435</u>	<u>\$ 75,373</u>

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds--Continued
June 30, 2018

	Special Revenue Funds				
	Accommodation <u>Tax</u>	Public Safety <u>Grants</u>	NSP-3 <u>Grant</u>	Neighborhood <u>Redevelopment</u>	Sunday Local Option <u>Revenue Fund</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 36,055	\$ 119,965	\$ 1,806,184	\$ 131,200
Restricted cash	-	-	-	-	-
Receivables					
Property taxes, less allowance for doubtful accounts	-	-	-	-	-
Due from other governments	261,084	-	-	-	-
Inventory	-	-	-	-	-
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 261,084</u>	<u>\$ 36,055</u>	<u>\$ 119,965</u>	<u>\$ 1,806,184</u>	<u>\$ 131,200</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 240,397	\$ -	\$ 2,857	\$ 34,256	\$ -
Retainage payable	-	-	-	2,000	-
Due to other funds	20,687	-	30,061	-	-
Total liabilities	<u>261,084</u>	<u>-</u>	<u>32,918</u>	<u>36,256</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	36,055	87,047	1,769,928	131,200
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>36,055</u>	<u>87,047</u>	<u>1,769,928</u>	<u>131,200</u>
Total liabilities and fund balances	<u>\$ 261,084</u>	<u>\$ 36,055</u>	<u>\$ 119,965</u>	<u>\$ 1,806,184</u>	<u>\$ 131,200</u>

<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>		<u>Total</u>
<u>2014 TIF Construction Projects</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 70,482	\$ 744,853	\$ 4,136,556
-	1,291,917	-	1,291,917
-	2,553	6,624	20,667
-	-	-	283,225
-	-	-	11,473
-	-	-	-
<u>\$ -</u>	<u>\$ 1,364,952</u>	<u>\$ 751,477</u>	<u>\$ 5,743,838</u>
\$ -	-	-	298,954
-	-	-	2,000
-	-	-	105,335
-	-	-	406,289
-	-	-	11,473
-	1,364,952	751,477	5,306,260
-	-	-	19,816
-	1,364,952	751,477	5,337,549
<u>\$ -</u>	<u>\$ 1,364,952</u>	<u>\$ 751,477</u>	<u>\$ 5,743,838</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue Funds				
	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart and Equipment Replacement</u>	<u>E-911</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	2,050	-	62,473	-
Intergovernmental	-	-	312,588	-	-
Charges for services	-	-	-	-	143,941
Investment earnings	25	401	-	347	381
Miscellaneous	-	18,582	-	-	-
Total revenues	<u>25</u>	<u>21,033</u>	<u>312,588</u>	<u>62,820</u>	<u>144,322</u>
Expenditures					
Current:					
Public safety	-	-	-	-	99,239
Community development	5	21,148	233,746	-	-
Debt service:					
Principal	-	-	65,000	-	-
Interest	-	-	22,162	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>5</u>	<u>21,148</u>	<u>320,908</u>	<u>-</u>	<u>99,239</u>
Excess (deficiency) of revenues over (under) expenditures	20	(115)	(8,320)	62,820	45,083
Other financing sources (uses)					
Issuance of debt	-	-	-	-	-
Transfers in (out)	-	-	-	(229,000)	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229,000)</u>	<u>-</u>
Net changes in fund balances	20	(115)	(8,320)	(166,180)	45,083
Fund balances at beginning of year	<u>22,325</u>	<u>366,373</u>	<u>9,207</u>	<u>197,469</u>	<u>307,061</u>
Fund balances at end of year	<u>\$ 22,345</u>	<u>\$ 366,258</u>	<u>\$ 887</u>	<u>\$ 31,289</u>	<u>\$ 352,144</u>

Special Revenue Funds

<u>Victims Services</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>NSP Grant</u>	<u>Neighborhood Imp Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -
63,087	-	-	-	-
-	-	-	16,204	265,711
-	-	-	-	-
123	1,338	-	-	9
-	80,582	-	298	-
<u>63,210</u>	<u>81,920</u>	<u>-</u>	<u>16,502</u>	<u>265,720</u>
-	115,372	-	-	-
-	-	-	20,950	199,081
-	-	-	-	-
-	-	-	-	-
-	-	-	652	-
-	<u>115,372</u>	<u>-</u>	<u>21,602</u>	<u>199,081</u>
63,210	(33,452)	-	(5,100)	66,639
-	-	-	-	-
<u>(69,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(69,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(6,526)	(33,452)	-	(5,100)	66,639
<u>115,307</u>	<u>195,698</u>	<u>626</u>	<u>89,775</u>	<u>1,000</u>
<u>\$ 108,781</u>	<u>\$ 162,246</u>	<u>\$ 626</u>	<u>\$ 84,675</u>	<u>\$ 67,639</u>

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds--Continued

Year Ended June 30, 2018

	Special Revenue Funds				
	Accommodation <u>Tax</u>	Public Safety <u>Grants</u>	NSP-3 <u>Grant</u>	Neighborhood <u>Redevelopment</u>	Sunday Local Option <u>Revenue Fund</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	768,169	-	35,063	-	91,800
Charges for services	-	-	-	-	-
Investment earnings	25	34	-	2,086	140
Miscellaneous	-	6,000	2,125	-	-
Total revenues	<u>768,194</u>	<u>6,034</u>	<u>37,188</u>	<u>2,086</u>	<u>91,940</u>
Expenditures					
Current:					
Public safety	-	980	-	-	-
Community development	827,107	-	180,581	817,397	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	328,559	-
Total expenditures	<u>827,107</u>	<u>980</u>	<u>180,581</u>	<u>1,145,956</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(58,913)	5,054	(143,393)	(1,143,870)	91,940
Other financing sources (uses)					
Issuance of debt	-	-	-	334,554	-
Transfers in (out)	-	-	-	742,150	(60,000)
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,704</u>	<u>(60,000)</u>
Net change in fund balances	(58,913)	5,054	(143,393)	(67,166)	31,940
Fund balances at beginning of year	<u>58,913</u>	<u>31,001</u>	<u>230,440</u>	<u>1,837,094</u>	<u>99,260</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 36,055</u>	<u>\$ 87,047</u>	<u>\$ 1,769,928</u>	<u>\$ 131,200</u>

<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>		<u>Total</u>
<u>2014 TIF Construction Capital Projects</u>	<u>TIF Revenue & Debt Service</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 585,621	\$ 585,621
-	-	-	127,610
-	440,223	-	1,929,758
-	-	-	143,941
62	14,925	684	20,580
-	-	-	107,587
<u>62</u>	<u>455,148</u>	<u>586,305</u>	<u>2,915,097</u>
-	-	-	215,591
-	-	-	2,300,015
-	-	335,491	400,491
-	1,379,728	109,484	1,511,374
<u>6,389</u>	<u>-</u>	<u>-</u>	<u>335,600</u>
<u>6,389</u>	<u>1,379,728</u>	<u>444,975</u>	<u>4,763,071</u>
(6,327)	(924,580)	141,330	(1,847,974)
-	-	-	334,554
<u>(117,003)</u>	<u>300,000</u>	<u>-</u>	<u>566,411</u>
<u>(117,003)</u>	<u>300,000</u>	<u>-</u>	<u>900,965</u>
(123,330)	(624,580)	141,330	(947,009)
<u>123,330</u>	<u>1,989,532</u>	<u>610,147</u>	<u>6,284,558</u>
<u>\$ -</u>	<u>\$ 1,364,952</u>	<u>\$ 751,477</u>	<u>\$ 5,337,549</u>

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**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

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

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

Stormwater Utility Fund - This fund is used to account for transactions relating to the operations of the stormwater system.

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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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Current use charges	\$ 34,325,000	\$ 34,085,000	\$ 33,782,796	\$ (302,204)
Miscellaneous	725,000	615,000	834,394	219,394
Water and sewer tap fees	682,000	987,000	997,394	10,394
Total operating revenues	<u>35,732,000</u>	<u>35,687,000</u>	<u>35,614,584</u>	<u>(72,416)</u>
Operating Expenses				
Personnel	5,219,060	5,004,510	4,935,425	69,085
Employee benefits	2,188,820	2,067,170	2,720,448	(653,278)
Purchased services	6,659,810	8,538,958	5,711,380	2,827,578
Supplies and materials	1,418,160	1,464,550	1,353,298	111,252
Other operating expenses	1,192,150	1,416,812	1,707,346	(290,534)
Depreciation and amortization	6,936,000	6,936,000	8,244,342	(1,308,342)
Total operating expenses	<u>23,614,000</u>	<u>25,428,000</u>	<u>24,672,239</u>	<u>755,761</u>
Operating Income	<u>12,118,000</u>	<u>10,259,000</u>	<u>10,942,345</u>	<u>683,345</u>
Nonoperating Revenues (Expenses)				
Investment earnings	75,000	120,000	512,753	392,753
Economic development	(1,250,000)	(1,250,000)	(936,114)	313,886
Miscellaneous revenues	1,343,000	1,343,000	1,930,593	587,593
Gain on disposal of assets	-	-	30,166	30,166
Interest expense	-	-	(3,919,154)	(3,919,154)
Appropriation of net position	-	842,000	-	(842,000)
Total nonoperating revenues (expenses)	<u>168,000</u>	<u>1,055,000</u>	<u>(2,381,756)</u>	<u>(3,436,756)</u>
Income Before Transfers and Capital Contributions	<u>12,286,000</u>	<u>11,314,000</u>	<u>8,560,589</u>	<u>(2,753,411)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>919,842</u>	<u>919,842</u>
Income Before Transfers	<u>12,286,000</u>	<u>11,314,000</u>	<u>9,480,431</u>	<u>(1,833,569)</u>
Transfers				
Transfers out	<u>(13,131,000)</u>	<u>(12,159,000)</u>	<u>(3,356,229)</u>	<u>8,802,771</u>
Changes in Net Position	<u>(845,000)</u>	<u>(845,000)</u>	<u>6,124,202</u>	<u>6,969,202</u>
Net position at beginning of year	<u>128,600,296</u>	<u>128,600,296</u>	<u>128,600,296</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 127,755,296</u>	<u>\$ 127,755,296</u>	<u>\$ 134,724,498</u>	<u>\$ 6,969,202</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual
Proprietary Funds--Stormwater Utility Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,310,000	\$ 1,310,000	\$ 1,307,616	\$ (2,384)
Miscellaneous	7,500	7,500	8,053	553
Total operating revenues	<u>1,317,500</u>	<u>1,317,500</u>	<u>1,315,669</u>	<u>(1,831)</u>
Operating Expenses				
Personnel	341,500	321,900	312,706	9,194
Employee benefits	142,570	136,070	133,984	2,086
Purchased services	110,230	113,330	211,648	(98,318)
Supplies and materials	20,900	21,800	20,754	1,046
Other operating expenses	19,400	20,100	46,962	(26,862)
Depreciation and amortization	607,000	607,000	575,987	31,013
Total operating expenses	<u>1,241,600</u>	<u>1,220,200</u>	<u>1,302,041</u>	<u>(81,841)</u>
Operating Income	<u>75,900</u>	<u>97,300</u>	<u>13,628</u>	<u>(83,672)</u>
Nonoperating Revenues (Expenses)				
Investment earnings	7,500	7,500	12,940	5,440
Miscellaneous revenues	60,000	60,000	45,500	(14,500)
Interest expense	-	-	(34,295)	(34,295)
Loss on disposal of assets	-	-	(2,685)	(2,685)
Total nonoperating revenues (expenses)	<u>67,500</u>	<u>67,500</u>	<u>21,460</u>	<u>(46,040)</u>
Income Before Transfers and Capital Contributions	1,309,100	1,287,700	35,088	(127,881)
Capital Contributions	-	-	270,906	270,906
Income Before Transfers	1,309,100	1,287,700	305,994	143,025
Transfers Out	<u>(223,400)</u>	<u>(244,800)</u>	<u>(115,000)</u>	<u>129,800</u>
Changes in Net Position	1,085,700	1,042,900	190,994	272,825
Net position at beginning of year	<u>2,852,314</u>	<u>2,852,314</u>	<u>2,852,314</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 3,938,014</u>	<u>\$ 3,895,214</u>	<u>\$ 3,043,308</u>	<u>\$ 272,825</u>

AGENCY FUNDS

To account for assets held as an agent for individuals and other governments.

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

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

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

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

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

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City of Florence, South Carolina
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>	<u>Florence Area Humane Society</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 6,943	\$ 10,845	\$ 41,217	\$ 239,033	\$ 1,866	\$ 299,904
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,192</u>	<u>-</u>	<u>62,192</u>
Total assets	<u>\$ 6,943</u>	<u>\$ 10,845</u>	<u>\$ 41,217</u>	<u>\$ 301,225</u>	<u>\$ 1,866</u>	<u>\$ 362,096</u>
LIABILITIES						
Due to others	<u>\$ 6,943</u>	<u>\$ 10,845</u>	<u>\$ 41,217</u>	<u>\$ 301,225</u>	<u>\$ 1,866</u>	<u>\$ 362,096</u>
Total liabilities	<u>\$ 6,943</u>	<u>\$ 10,845</u>	<u>\$ 41,217</u>	<u>\$ 301,225</u>	<u>\$ 1,866</u>	<u>\$ 362,096</u>

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2018

	<u>Balance at</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2018</u>
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 14,273	\$ 6,944	\$ 14,274	\$ 6,943
Liabilities				
Due to others	\$ 14,273	\$ 6,944	\$ 14,274	\$ 6,943
<u>Fire Trust</u>				
Assets				
Cash and cash equivalents	\$ 12,500	\$ 123,479	\$ 125,134	\$ 10,845
Liabilities				
Due to others	\$ 12,500	\$ 123,479	\$ 125,134	\$ 10,845
<u>Veterans Park Development</u>				
Assets				
Cash and cash equivalents	\$ 35,767	\$ 23,611	\$ 18,161	\$ 41,217
Liabilities				
Due to others	\$ 35,767	\$ 23,611	\$ 18,161	\$ 41,217
<u>Narcotics Holding Funds</u>				
Assets				
Cash and cash equivalents	\$ 204,419	\$ 113,910	\$ 79,296	\$ 239,033
Investments	61,278	914	-	62,192
	<u>\$ 265,697</u>	<u>\$ 114,824</u>	<u>\$ 79,296</u>	<u>\$ 301,225</u>
Liabilities				
Due to others	\$ 265,697	\$ 114,824	\$ 79,296	\$ 301,225
<u>Florence Area Humane Society</u>				
Assets				
Cash and cash equivalents	\$ 520	\$ 5,314	\$ 3,968	\$ 1,866
Liabilities				
Due to others	\$ 520	\$ 5,314	\$ 3,968	\$ 1,866
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 267,479	\$ 273,258	\$ 240,833	\$ 299,904
Investments	61,278	914	-	62,192
Total Assets	<u>\$ 328,757</u>	<u>\$ 274,172</u>	<u>\$ 240,833</u>	<u>\$ 362,096</u>
Liabilities				
Due to others	\$ 328,757	\$ 274,172	\$ 240,833	\$ 362,096
Total Liabilities	<u>\$ 328,757</u>	<u>\$ 274,172</u>	<u>\$ 240,833</u>	<u>\$ 362,096</u>

SUPPLEMENTAL SCHEDULES

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City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes				
Current	\$ 3,730,000	\$ 3,750,000	\$ 3,881,511	\$ 131,511
Homestead exemption	280,000	295,000	298,770	3,770
Merchants inventory	299,600	299,600	299,603	3
Penalties on Current	9,000	5,500	7,814	2,314
Property tax credits	5,916,000	5,340,000	5,343,417	3,417
PILOT - Housing Authority	122,000	135,000	139,550	4,550
Motor carrier - FILO	100,000	105,000	109,812	4,812
Delinquent taxes	125,000	135,000	136,908	1,908
Total Property Taxes	<u>10,581,600</u>	<u>10,065,100</u>	<u>10,217,385</u>	<u>152,285</u>
Licenses and Fees				
Business and professional license	8,755,000	8,810,000	9,226,410	416,410
Franchise fees	3,725,000	3,890,000	4,003,686	113,686
Delinquent business licenses	175,000	164,500	214,309	49,809
Total Licenses and Fees	<u>12,655,000</u>	<u>12,864,500</u>	<u>13,444,405</u>	<u>579,905</u>
Intergovernmental				
Community development	52,300	51,400	51,471	71
Sales tax revenue	1,000,000	1,000,000	1,456,809	456,809
State shared revenue	839,000	834,000	836,991	2,991
Governmental reimbursements	425,000	280,000	280,401	401
State A tax funds	63,000	63,000	65,430	2,430
Grants	31,000	473,400	492,246	18,846
FEMA reimbursements	-	10,000	10,233	233
Equipment rental fee	-	295,000	295,577	577
Hurricane Matthew debris removal	-	-	90,000	90,000
Marketing and promotion	125,000	105,000	134,759	29,759
Total Intergovernmental	<u>2,535,300</u>	<u>3,111,800</u>	<u>3,713,917</u>	<u>602,117</u>
Charges for Services				
Refuse - landfill fee	1,735,000	1,690,000	1,691,810	1,810
Refuse - collection fee	335,000	316,000	336,191	20,191
Building permits	300,000	395,000	399,918	4,918
Planning and zoning fees	22,000	20,000	21,840	1,840
Recreation fees	160,000	159,000	566,464	407,464
Total Charges for Services	<u>2,552,000</u>	<u>2,580,000</u>	<u>3,016,223</u>	<u>436,223</u>
Fines and Forfeitures				
Criminal fines	65,000	55,000	55,506	506
Traffic fines	350,000	325,000	349,927	24,927
Parking violations fines	4,100	6,100	9,390	3,290
Animal control fines	3,000	1,000	1,575	575
Total Fines and Forfeitures	<u>422,100</u>	<u>387,100</u>	<u>416,398</u>	<u>29,298</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, 2018

	<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	55,000	65,000	94,252	29,252
Miscellaneous	280,000	378,000	690,614	312,614
Concessions	50,000	32,000	34,130	2,130
Total Miscellaneous	<u>385,000</u>	<u>475,000</u>	<u>818,996</u>	<u>343,996</u>
TOTAL REVENUES	<u>29,131,000</u>	<u>29,483,500</u>	<u>31,627,324</u>	<u>2,143,824</u>
EXPENDITURES				
General Government				
City Council				
Salary and wages	113,440	113,440	113,126	314
Retirement	15,770	15,670	13,620	2,050
Health insurance	78,240	81,070	76,974	4,096
Workers' compensation	7,800	8,400	8,315	85
Social security	7,060	6,440	6,427	13
Printing and supplies	1,000	1,000	-	1,000
Office supplies	1,500	1,500	1,198	302
Postage	100	100	23	77
Membership and dues	19,500	22,700	22,648	52
Travel and conferences	25,000	25,000	7,752	17,248
Telephone related services	5,500	5,500	3,687	1,813
Professional services	25,000	46,800	35,284	11,516
Special departmental supplies	5,500	5,500	3,937	1,563
Total City Council	<u>305,410</u>	<u>333,120</u>	<u>292,991</u>	<u>40,129</u>
Legal Services				
Salaries and wages	72,580	78,260	77,415	845
Retirement	8,430	10,370	10,286	84
Health insurance	11,930	14,910	14,771	139
Workers' compensation	900	950	924	26
Social Security	5,230	5,630	5,591	39
Professional services	2,600	3,200	3,070	130
Cable and related services	-	300	140	160
Printing and supplies	350	750	717	33
Office supplies	300	1,900	1,703	197
Postage	300	1,100	969	131
Membership and dues	450	650	545	105
Travel and conferences	300	200	-	200
Telephone related services	-	900	748	152
Special departmental supplies	-	100	64	36
Total Legal Services	<u>103,370</u>	<u>119,220</u>	<u>116,943</u>	<u>2,277</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, 2018

	<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	393,960	345,800	325,031	20,769
Retirement	54,440	47,440	44,450	2,990
Health insurance	65,910	72,240	69,317	2,923
Workers' compensation	11,160	11,870	11,869	1
Social security	28,570	25,360	23,767	1,593
Printing and supplies	500	500	356	144
Postage	3,200	3,600	3,439	161
Membership and dues	1,200	1,200	470	730
Travel and conferences	7,000	6,000	2,045	3,955
Auto operating expenses	1,000	1,000	494	506
Telephone related services	2,500	4,000	3,955	45
Maintenance and service contracts	8,000	8,000	6,950	1,050
Machine and equipment repairs	500	500	-	500
Gas and oil	2,600	2,600	-	2,600
Employee training	5,300	4,300	2,189	2,111
Professional services	7,500	4,100	3,375	725
Jury vouchers	5,000	5,500	5,380	120
Office supplies	4,000	3,500	3,277	223
Special departmental supplies	3,000	2,800	1,661	1,139
Total Justice and Law	605,340	550,310	508,025	42,285
City Manager				
Salary and wages	298,340	298,080	294,152	3,928
Retirement	40,460	43,130	40,412	2,718
Health insurance	36,560	34,230	33,232	998
Workers' compensation	6,750	7,180	7,178	2
Social security	22,240	23,950	22,474	1,476
Printing and supplies	1,000	1,200	1,026	174
Postage	500	500	69	431
Membership and dues	2,000	2,000	777	1,223
Travel and conferences	3,000	2,000	211	1,789
Car allowance	6,000	6,600	6,600	-
Lease payments	4,200	4,200	4,200	-
Auto operating expenses	500	500	617	(117)
Telephone related services	9,000	11,300	11,196	104
Maintenance and service contracts	1,900	2,100	1,979	121

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
General Government--Continued				
City Manager--continued				
Employee training	1,000	3,000	2,418	582
Professional services	2,000	1,000	-	1,000
Office supplies	2,500	2,000	412	1,588
Special departmental supplies	1,500	1,600	1,493	107
Gas and oil	200	200	176	24
Capital outlay	-	700	-	700
Total City Manager	439,650	445,470	428,622	16,848
Finance				
Salary and wages	568,050	579,860	578,766	1,094
Retirement	77,040	77,450	77,226	224
Health insurance	68,760	68,210	67,665	545
Workers' compensation	11,160	11,870	11,869	1
Social security	42,030	42,530	42,398	132
Printing and supplies	6,000	6,500	6,283	217
Postage	11,000	12,000	11,694	306
Membership and dues	2,500	2,300	2,170	130
Travel and conferences	4,000	1,500	1,156	344
Auto operating expenses	200	200	31	169
Telephone related services	4,500	7,600	7,389	211
Maintenance and service contracts	10,500	9,000	8,752	248
Machine and equipment repairs	200	2,000	1,890	110
Cable and related services	3,500	3,000	2,716	284
Public notices	1,000	1,200	564	636
Employee training	2,200	2,200	2,045	155
Professional services	1,000	1,000	505	495
Tax billing and collections	57,000	56,500	55,963	537
Office supplies	9,000	12,500	12,209	291
Special departmental supplies	300	400	305	95
Gas and oil	300	800	545	255
Total Finance	880,240	898,620	892,141	6,479

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<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	342,490	347,020	339,336	7,684
Retirement	46,450	47,530	45,437	2,093
Health insurance	35,710	35,710	33,600	2,110
Workers' compensation	6,750	7,180	7,178	2
Social security	25,610	26,350	25,318	1,032
Printing and supplies	3,000	3,870	3,835	35
Postage	2,500	2,100	2,017	83
Membership and dues	1,500	2,120	1,888	232
Travel and conferences	2,500	900	905	(5)
Auto operating expenses	1,000	650	665	(15)
Telephone related services	3,000	4,000	3,980	20
Cable and related services	-	440	435	5
Maintenance and service contracts	8,000	8,500	8,218	282
Public notices	20,000	17,000	16,964	36
Employee training	2,500	4,710	4,425	285
Professional services	51,000	56,000	54,082	1,918
Medical expenses	33,000	32,200	31,922	278
Office supplies	5,000	9,200	9,116	84
Special departmental supplies	-	50	301	(251)
Gas and oil	1,000	500	405	95
Capital outlay	-	300	-	300
Total Personnel	591,010	606,330	590,027	16,303
Community Service				
Salary and wages	249,230	220,010	199,863	20,147
Retirement	32,170	28,620	27,565	1,055
Health insurance	45,360	31,060	30,568	492
Workers' compensation	8,910	9,460	9,452	8
Social security	18,440	15,450	14,885	565
Printing and supplies	700	700	146	554
Postage	450	450	248	202
Membership and dues	2,500	1,500	80	1,420
Travel and conferences	1,500	1,500	1,144	356
Auto operating expenses	1,300	2,300	2,314	(14)
Telephone related services	5,500	6,900	6,709	191
Radio maintenance	-	10	3	7
Maintenance and service contracts	100	200	127	73
Public notices	2,000	2,000	282	1,718

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<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	800	3,500	3,311	189
Employee training	1,500	1,500	1,306	194
Professional services	4,500	4,500	283	4,217
Office supplies	1,000	1,000	54	946
Special departmental supplies	1,500	3,200	2,980	220
Gas and oil	4,300	5,500	5,222	278
Capital outlay	-	30,000	-	30,000
Total Community Service	381,760	369,360	306,545	62,815
Urban Planning & Development				
Salary and wages	276,660	253,440	250,847	2,593
Retirement	35,470	34,160	34,009	151
Health insurance	30,580	32,250	31,629	621
Workers' compensation	4,640	4,920	4,904	16
Social security	19,850	19,220	19,111	109
Printing and supplies	2,000	1,500	813	687
Postage	1,500	1,000	866	134
Membership and dues	4,700	4,700	3,614	1,086
Travel and conferences	2,000	1,550	1,273	277
Auto operating expenses	1,000	500	84	416
Telephone related services	2,900	4,900	4,158	742
Maintenance and service contracts	4,500	4,500	4,268	232
Public notices	6,500	4,000	3,738	262
Uniform and clothing	100	100	-	100
Employee training	2,700	3,150	3,085	65
Professional services	31,000	55,000	34,022	20,978
Office supplies	5,000	2,500	2,048	452
Special departmental supplies	2,000	500	216	284
Gas and oil	1,000	500	317	183
Total Urban Planning & Development	434,100	428,390	399,002	29,388

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<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	244,750	194,140	191,155	2,985
Retirement	39,740	26,090	25,757	333
Health insurance	49,550	44,490	43,546	944
Workers' compensation	8,910	9,500	9,452	48
Social security	18,570	14,930	13,626	1,304
Printing and supplies	8,000	3,500	518	2,982
Postage	2,000	500	22	478
Membership and dues	2,000	1,000	100	900
Auto operating expenses	5,000	2,500	489	2,011
Telephone related services	9,600	5,000	3,491	1,509
Maintenance and service contracts	7,500	2,000	298	1,702
Uniform and clothing	1,600	1,000	421	579
Employee training	4,000	3,000	926	2,074
Professional services	60,000	203,000	202,290	710
Special departmental supplies	7,500	3,000	2,071	929
Gas and oil	12,000	4,000	2,340	1,660
Capital outlay	10,000	2,500	-	2,500
Total Building Inspections & Permits	490,720	520,150	496,502	23,648
Total General Government	4,231,600	4,270,970	4,030,798	240,172
Public safety				
Police				
Salary and wages	5,654,660	5,236,060	5,217,088	18,972
Retirement	892,010	825,900	819,903	5,997
Health insurance	1,026,350	860,860	857,712	3,148
Workers' compensation	176,580	187,720	187,625	95
Social security	414,510	405,080	384,119	20,961
Printing and supplies	7,650	7,650	5,876	1,774
Postage	5,200	5,200	3,751	1,449
Membership and dues	2,250	2,250	1,477	773
Travel and conferences	5,500	5,500	1,888	3,612
Auto operating expenses	90,000	101,000	106,429	(5,429)
Electricity	20,000	20,000	15,977	4,023

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<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	71,100	89,450	89,056	394
Cable and related services	5,500	5,500	5,329	171
Radio maintenance	5,000	5,000	225	4,775
Maintenance and service contracts	43,200	43,200	35,747	7,453
Maintenance and equipment repairs	7,000	6,450	5,374	1,076
Building and maintenance	2,000	2,000	4,275	(2,275)
Uniform and clothing	77,000	63,650	58,327	5,323
Prisoner housing	250,000	230,650	228,093	2,557
Inmate services	3,500	3,500	510	2,990
Rent payments	24,000	24,000	24,000	-
Employee training	24,700	19,050	14,594	4,456
Professional services	21,400	21,400	18,713	2,687
Pal expenses	5,000	5,000	1,063	3,937
Medical expenses	500	500	-	500
Rewards	500	500	-	500
Special departmental supplies	65,700	65,700	121,529	(55,829)
Gas and oil	230,000	210,000	195,106	14,894
Water usage	5,500	5,500	4,426	1,074
Grant expenditures	12,000	12,000	12,000	-
Capital outlay	299,180	570,230	74,076	496,154
Total Police	9,447,490	9,040,500	8,494,288	546,212
Fire				
Salary and wages	3,572,400	3,364,190	3,340,816	23,374
Retirement	578,830	551,880	538,042	13,838
Health insurance	673,690	643,120	632,225	10,895
Workers' compensation	96,010	102,000	101,986	14
Social security	254,450	252,870	243,764	9,106
Printing and supplies	1,000	500	-	500
Janitorial/sanitary supplies	13,000	13,000	12,574	426
Postage	150	100	40	60
Membership and dues	1,000	1,000	516	484
Auto operating expenses	50,000	52,000	54,652	(2,652)
Electricity	45,000	45,000	44,632	368
Telephone related services	33,500	39,500	38,364	1,136
Heating fuel	20,000	18,000	15,523	2,477
Fire prevention	9,000	9,000	8,586	414
Risk management	6,500	5,000	3,719	1,281

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public safety--continued				
Fire--continued				
Radio maintenance	6,500	5,500	3,521	1,979
Maintenance and service contracts	28,000	19,000	15,407	3,593
Maintenance and equipment repairs	17,500	12,000	15,190	(3,190)
Building and maintenance	20,000	20,000	16,161	3,839
Uniform and clothing	35,000	29,000	23,143	5,857
Rent payments	14,000	14,000	11,000	3,000
Employee training	18,000	15,000	12,306	2,694
Professional services	5,500	10,000	8,181	1,819
Personal protective equipment	36,000	34,000	31,128	2,872
Special departmental supplies	38,000	35,000	36,861	(1,861)
Gas and oil	50,000	46,000	45,782	218
Water usage	17,000	17,000	16,941	59
Capital outlay	290,000	1,534,701	1,520,103	14,598
Total Fire	5,930,030	6,888,361	6,791,163	97,198
Total Public Safety	15,377,520	15,928,861	15,285,451	643,410
Public works				
Streets and Beautification				
Salary and wages	1,540,080	1,598,450	1,501,959	96,491
Retirement	209,250	207,350	202,777	4,573
Health insurance	343,630	318,170	309,483	8,687
Workers' compensation	40,190	42,810	42,713	97
Social security	112,820	117,430	110,323	7,107
Printing and supplies	1,000	800	733	67
Office supplies	4,000	4,250	4,206	44
Janitorial supplies	14,000	15,200	14,992	208
Safety supplies	4,000	2,800	2,690	110
Postage	100	100	21	79
Membership and dues	500	400	260	140
Auto operating expenses	30,000	28,500	33,684	(5,184)
Electricity	32,000	31,400	31,348	52
Telephone related services	6,000	6,500	6,469	31
Heating fuel	500	100	77	23
Radio maintenance	2,000	100	27	73
Maintenance and service contracts	4,500	5,000	4,267	733
Maintenance and equipment repairs	35,000	69,200	69,293	(93)
Building and maintenance	19,500	12,650	12,353	297

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Streets and Beautification--continued				
Tree beautification	5,000	2,000	1,835	165
Sign shop supplies	8,000	5,750	5,892	(142)
Medical expenses	35,000	27,200	27,156	44
Uniform and clothing	24,000	24,500	24,138	362
Inmate services	30,000	29,550	29,430	120
Chemicals	3,000	2,850	2,767	83
Paving materials and supplies	10,000	7,300	7,021	279
Irrigation materials and supplies	4,000	800	785	15
Turf & landscape supplies	20,000	20,000	19,374	626
Employee training	1,000	500	435	65
Professional services	50,000	50,000	48,678	1,322
Special departmental supplies	35,000	37,180	65,722	(28,542)
Gas and oil	70,000	72,450	72,432	18
Water usage	15,000	13,600	13,521	79
Capital outlay	116,000	425,620	173,113	252,507
Total Streets and Beautification	2,825,070	3,180,510	2,839,974	340,536
Sanitation				
Salary and wages	789,890	828,370	788,084	40,286
Retirement	107,250	110,730	105,892	4,838
Health insurance	185,950	177,870	167,977	9,893
Workers' compensation	30,160	32,150	32,053	97
Social security	57,780	59,900	57,562	2,338
Printing and supplies	200	200	-	200
Postage	100	100	9	91
Membership and dues	100	100	-	100
Auto operating expenses	190,000	190,000	183,057	6,943
Telephone related services	1,600	1,700	1,624	76
Radio maintenance	2,500	2,500	1,056	1,444
Maintenance and service contracts	5,000	5,000	1,076	3,924
Maintenance and equipment repairs	90,000	110,000	107,967	2,033
Landfill services	1,475,000	1,469,400	1,438,163	31,237
Uniform and clothing	18,000	18,000	16,587	1,413
Office supplies	200	200	96	104
Compost supplies	500	500	-	500
Safety supplies	2,000	4,000	2,903	1,097
Public notices	6,000	6,000	3,427	2,573
Employee training	100	100	-	100

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Public works--continued				
Sanitation--continued				
Professional services	200	6,000	2,500	3,500
Special departmental supplies	10,000	10,000	8,777	1,223
Gas and oil	180,000	142,200	136,795	5,405
Capital outlay	393,500	400,500	-	400,500
Total Sanitation	<u>3,546,030</u>	<u>3,575,520</u>	<u>3,055,605</u>	<u>519,915</u>
Equipment Maintenance				
Salary and wages	307,290	313,980	281,736	32,244
Retirement	41,670	42,580	38,032	4,548
Health insurance	52,670	54,120	48,008	6,112
Workers' compensation	7,800	8,500	8,315	185
Social security	22,860	23,330	21,148	2,182
Auto operating expenses	3,000	3,000	2,022	978
Telephone related services	300	700	629	71
Heating fuel	4,600	4,400	4,269	131
Radio maintenance	300	300	2	298
Maintenance and service contracts	3,500	3,500	454	3,046
Maintenance and equipment repairs	800	800	226	574
Uniform and clothing	5,000	4,200	3,815	385
Office supplies	100	100	-	100
Janitorial supplies	200	200	-	200
Safety supplies	100	100	-	100
Employee training	300	300	45	255
Professional services	1,400	1,500	1,451	49
Special departmental supplies	5,000	5,800	5,479	321
Gas and oil	5,000	4,700	4,253	447
Capital outlay	-	62,000	61,220	780
Total Equipment Maintenance	<u>461,890</u>	<u>534,110</u>	<u>481,104</u>	<u>53,006</u>
Total Public Works	<u>6,832,990</u>	<u>7,290,140</u>	<u>6,376,683</u>	<u>913,457</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, 2018

	<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	704,580	704,000	659,898	44,102
Retirement	82,050	88,210	87,375	835
Health insurance	116,980	95,830	93,128	2,702
Workers' compensation	41,310	44,010	43,921	89
Social security	52,400	50,510	49,667	843
Printing and supplies	3,000	3,000	2,944	56
Postage	500	500	194	306
Membership and dues	1,700	1,700	1,665	35
Travel and conferences	3,500	2,500	2,117	383
Auto operating expenses	11,000	11,000	10,786	214
Electricity	80,000	80,000	79,962	38
Telephone related services	11,000	12,250	11,505	745
Cable and related services	3,000	1,450	1,332	118
Radio maintenance	500	500	413	87
Maintenance and service contracts	12,000	9,000	8,026	974
Maintenance and equipment repairs	2,500	2,500	2,094	406
Building maintenance	22,700	119,100	116,069	3,031
Facility and park maintenance	2,000	36,500	3,271	33,229
Tree beautification	3,000	-	-	-
Uniforms and clothing	7,000	7,000	6,459	541
Office supplies	3,500	2,000	1,309	691
Safety supplies	500	500	445	55
Janitorial services and supplies	7,000	6,475	5,727	748
Athletic field supplies	2,000	500	258	242
Irrigation supplies	500	500	347	153
Inmate services	500	450	-	450
Food and supplies	3,500	3,500	3,518	(18)
Employee training	2,500	4,175	3,156	1,019
Professional services	1,200	1,200	1,181	19
Contracted instructors	8,000	11,600	11,521	79
Special departmental supplies	20,000	20,000	39,852	(19,852)
Gas and oil	28,000	23,150	22,639	511
Water usage	21,000	17,000	16,376	624
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	2,000	2,000	1,889	111
Grant expenditures	32,000	47,500	25,305	22,195
Capital outlay	64,000	202,400	68,924	133,476
Total Parks and Leisure Services	1,377,920	1,633,510	1,404,273	229,237

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs				
Salary and wages	717,870	614,070	611,325	2,745
Retirement	73,780	80,020	79,444	576
Health insurance	118,380	85,650	85,158	492
Workers' compensation	69,220	73,560	73,558	2
Social security	50,420	46,420	45,393	1,027
Printing and supplies	500	450	447	3
Postage	200	200	15	185
Membership and dues	2,000	2,000	1,623	377
Travel and conferences	2,000	2,000	1,435	565
Auto operating expenses	6,000	6,000	4,491	1,509
Electricity	165,000	159,000	142,433	16,567
Telephone related services	7,000	8,100	7,775	325
Cable and related services	3,700	3,100	2,243	857
Maintenance and service contracts	29,000	29,250	25,444	3,806
Maintenance and equipment repairs	6,000	5,950	4,802	1,148
Radio repairs and maintenance	1,000	1,000	10	990
Building maintenance	2,000	2,000	2,000	-
Facility and park maintenance	28,300	40,850	40,275	575
Tree beautification	3,000	3,000	3,000	-
Uniforms and clothing	12,000	12,000	11,124	876
Inmate services	20,000	20,250	20,025	225
Office supplies	1,000	1,000	853	147
Safety supplies	500	500	424	76
Janitorial services and supplies	12,000	12,000	11,963	37
Athletic field supplies	12,000	12,000	11,313	687
Food and supplies	30,000	30,000	27,719	2,281
Employee training	2,500	2,500	2,500	-
Professional services	4,000	4,000	4,000	-
Special departmental supplies	3,500	3,250	11,585	(8,335)
Irrigation parts and supplies	8,000	7,850	5,920	1,930
Pro shop supplies	14,000	14,000	11,682	2,318
Stadium commission	8,100	8,100	8,100	-
Athletic expenses	4,000	4,000	4,020	(20)
Gymnastic expenses	8,000	8,000	7,299	701
Tennis center expenses	15,000	15,000	15,000	-
Freedom Florence expenses	12,000	12,000	12,000	-
Gymnasium expenses	5,000	5,000	4,203	797
Soccer expenses	2,000	2,000	2,000	-
Gas and oil	8,000	9,200	8,628	572
Water usage	62,000	52,000	49,141	2,859
Marketing and promotion	155,000	223,300	83,778	139,522

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES--CONTINUED				
Culture and recreation--continued				
Athletic Programs--continued				
Tournaments	5,000	5,000	3,400	1,600
Capital outlay	272,500	681,900	284,038	397,862
Total Athletic Programs	1,961,470	2,307,470	1,731,586	575,884
Total Culture and Recreation	3,339,390	3,940,980	3,135,859	805,121
Non-Departmental				
Employee relations	35,000	49,500	49,320	180
Unemployment compensation	10,000	11,000	11,568	(568)
OPEB expense	671,600	671,600	671,600	-
Employee assistance	-	-	15,738	(15,738)
Property and liability insurance	410,000	424,000	423,346	654
Small claims	65,000	95,000	90,340	4,660
Employee W/C small claims	86,000	76,000	65,406	10,594
Bank charges	35,000	15,000	11,715	3,285
Credit card fees	26,500	31,500	31,002	498
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	193,000	297,000	201,629	95,371
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
PDCAP boxing program	10,000	10,000	10,000	-
Weed & seed program	50,000	50,000	50,000	-
NOU Homeless program	-	75,000	21,625	53,375
Art Trail Gallery	-	761,100	699,713	61,387
Dargan Street Incubator	150,000	160,000	124,691	35,309
Farmers Market expenses	10,500	10,500	5,296	5,204
Contingency	100,000	312,600	-	312,600
Street lights	795,000	823,500	823,208	292
Rail to trail project	-	3,300	1,761	1,539
Neighborworks program	-	50,000	1,635	48,365
Public information services	21,600	12,600	12,600	-
Timrod/Yellowstone resurfacing	-	32,400	2,872	29,528
Cut/patch paving projects	-	500,000	-	500,000
Buchanan/Millstone/Frontage	-	268,000	266,301	1,699
Tank Site development	-	104,000	31,470	72,530
Brownsfield Cleanup	-	165,000	163,919	1,081
Recreation Facilities Rehab	-	315,500	159,651	155,849
Management software expenditures	40,000	48,000	47,351	649
Health services	29,000	28,000	24,559	3,441

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2018

	<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	40,000	45,000	42,544	2,456
IT Support Services	283,000	289,500	278,676	10,824
Legal services	75,000	70,000	59,037	10,963
Downtown revitalization	-	-	44,299	(44,299)
Hurricane Matthew debris removal	-	-	87,000	(87,000)
Special projects	45,000	102,500	83,737	18,763
Other recreation programs	-	-	435,539	(435,539)
Downtown promotions	40,000	40,000	26,360	13,640
BTC parking lease	-	16,500	16,500	-
FMU Health Sciences Bldg	-	600,000	600,000	-
City Center operations	350,000	1,341,000	870,538	470,462
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>3,606,200</u>	<u>7,939,600</u>	<u>6,597,546</u>	<u>1,342,054</u>
Debt Service				
Principal	-	-	849,700	(849,700)
Interest	-	307,000	182,862	124,138
Total Debt Service	<u>-</u>	<u>307,000</u>	<u>1,032,562</u>	<u>(725,562)</u>
TOTAL EXPENDITURES	<u>33,387,700</u>	<u>39,677,551</u>	<u>36,458,899</u>	<u>3,218,652</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(4,256,700)</u>	<u>(10,194,051)</u>	<u>(4,831,575)</u>	<u>5,362,476</u>
Other Financing Sources				
Capital leases	-	-	32,400	32,400
Proceeds from insurance settlements	85,000	180,000	234,726	54,726
Transfers in	4,171,700	10,014,051	4,299,777	(5,714,274)
Total Other Financing Sources	<u>4,256,700</u>	<u>10,194,051</u>	<u>4,566,903</u>	<u>(5,627,148)</u>
NET CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(264,672)</u>	<u>(264,672)</u>
Fund balance at beginning of year	<u>17,240,267</u>	<u>17,240,267</u>	<u>17,240,267</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 17,240,267</u>	<u>\$ 17,240,267</u>	<u>\$ 16,975,595</u>	<u>\$ (264,672)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 16,425,000	\$ 16,185,000	\$ 16,120,512	\$ (64,488)
Sewer service fees	17,760,000	17,740,000	17,662,285	(77,715)
Cut on fees	140,000	160,000	167,278	7,278
Water tap fees	482,000	722,000	727,388	5,388
Sewer tap fees	200,000	265,000	270,005	5,005
Service charges	230,000	230,000	234,730	4,730
Late fees	335,000	225,000	228,925	3,925
Miscellaneous	160,000	160,000	203,461	43,461
Total Operating Revenues	<u>35,732,000</u>	<u>35,687,000</u>	<u>35,614,584</u>	<u>(72,416)</u>
Operating Expenses				
Engineering				
Salary and wages	695,630	761,080	759,765	1,315
Retirement	94,400	103,990	103,411	579
Health insurance	86,540	90,510	89,868	642
Workers' compensation	12,290	13,170	13,077	93
Social security	50,290	55,000	47,484	7,516
Printing and supplies	5,000	6,000	5,037	963
Postage	300	300	32	268
Membership and dues	1,500	1,577	1,577	-
Auto operating expenses	4,500	4,500	1,461	3,039
Electricity	30,000	30,000	24,500	5,500
Travel and conferences	1,500	1,735	1,735	-
Telephone related services	11,000	12,200	11,377	823
Radio maintenance	500	500	3	497
Maintenance and service contracts	50,000	30,100	314	29,786
Building maintenance	5,000	5,000	-	5,000
Uniforms and clothing	2,000	2,000	451	1,549
Public notices	200	200	-	200
Employee training	2,000	2,088	1,891	197
Professional services	105,000	104,000	101,051	2,949
Special departmental supplies	8,000	8,400	8,253	147
Gas and oil	13,500	13,500	11,275	2,225
Other equipment	8,000	8,000	-	8,000
Total Engineering	<u>1,187,150</u>	<u>1,253,850</u>	<u>1,197,154</u>	<u>56,696</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, 2018

	<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	993,890	912,400	910,199	2,201
Retirement	134,770	126,620	125,912	708
Health insurance	188,860	157,710	156,847	863
Workers' compensation	29,070	31,100	30,916	184
Social security	73,550	67,880	61,090	6,790
Printing and supplies	4,000	5,500	4,597	903
Office supplies	20,000	15,000	11,200	3,800
Postage	5,000	5,500	5,050	450
Membership and dues	1,700	950	887	63
Travel and conferences	1,500	-	-	-
Auto operating expenses	12,000	15,000	12,677	2,323
Radio maintenance	500	500	219	281
Other maintenance and repairs	3,500	3,500	2,173	1,327
Telephone related services	16,000	12,000	10,025	1,975
Maintenance and service contracts	36,000	29,000	27,212	1,788
Employee training	1,250	500	429	71
Professional services	-	66,000	64,421	1,579
Utility billing	204,000	226,000	213,402	12,598
Special departmental supplies	10,500	10,500	12,258	(1,758)
Meters, parts and supplies	275,000	370,000	148,009	221,991
Uniforms and clothing	6,000	5,000	4,576	424
Gas and oil	30,000	28,000	27,513	487
Building and fixed equipment	12,000	3,000	-	3,000
Other equipment	-	75,000	-	75,000
Total Utility Finance	2,059,090	2,166,660	1,847,515	319,145

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, 2018

	<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	1,319,370	1,251,590	1,242,476	9,114
Retirement	178,900	178,270	177,955	315
Health insurance	262,100	217,470	216,210	1,260
Workers' compensation	32,400	34,420	34,398	22
Social security	95,940	93,300	91,448	1,852
Printing and supplies	2,200	4,250	2,407	1,843
Postage	1,600	2,300	2,038	262
Membership and dues	8,000	10,600	10,576	24
Auto operating expenses	10,000	20,000	21,103	(1,103)
Electricity	1,135,000	1,245,670	1,244,095	1,575
Heating fuel	15,000	15,000	11,395	3,605
Telephone related services	6,000	10,600	9,929	671
Radio maintenance	500	500	245	255
Maintenance and service contracts	45,000	48,310	48,305	5
Machine and equipment repairs	315,000	365,000	338,418	26,582
Building maintenance	5,000	12,310	12,011	299
Landfill services	300,000	354,100	347,362	6,738
Uniforms and clothing	18,000	18,000	16,869	1,131
Chemicals	205,000	203,000	196,618	6,382
Lab supplies	34,000	32,450	25,265	7,185
Employee training	4,000	4,500	4,347	153
Professional services	50,000	120,000	130,544	(10,544)
Special departmental supplies	67,000	122,010	118,877	3,133
Gas and oil	45,000	74,000	73,418	582
Water usage	14,000	16,510	16,504	6
Upgrade and painting	293,000	378,000	-	378,000
Total Wastewater Treatment	<u>4,462,010</u>	<u>4,832,160</u>	<u>4,392,813</u>	<u>439,347</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, 2018

	<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	400,080	338,260	335,304	2,956
Retirement	54,250	48,460	47,632	828
Health insurance	65,080	50,390	49,393	997
Workers' compensation	10,050	10,670	10,661	9
Social security	29,560	26,080	25,108	972
Printing and supplies	800	800	578	222
Postage	140	140	52	88
Membership and dues	650	650	275	375
Auto operating expenses	2,000	3,000	2,510	490
Electricity	315,000	324,290	324,280	10
Telephone related services	5,000	8,000	6,924	1,076
Heating fuel	20,000	22,430	22,077	353
Radio maintenance	500	500	10	490
Maintenance and service contracts	10,000	10,000	9,887	113
Machine and equipment repairs	128,760	141,560	229,013	(87,453)
Building maintenance	36,000	13,710	14,157	(447)
Uniform and clothing	6,000	6,000	5,237	763
Chemicals	270,000	340,300	340,291	9
Lab supplies	45,000	46,600	46,530	70
Employee training	1,000	1,280	1,272	8
Professional services	13,000	23,300	21,471	1,829
Special departmental supplies	20,000	18,900	18,573	327
Gas and oil	4,000	8,100	7,517	583
Water usage	1,800	1,890	1,885	5
Upgrade and painting	450,000	315,660	-	315,660
Total Water Production - Surface Water	1,888,670	1,760,970	1,520,637	240,333

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, 2018

	<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	307,070	311,210	309,319	1,891
Retirement	41,640	43,780	43,318	462
Health insurance	66,650	54,240	51,458	2,782
Workers' compensation	8,920	9,470	9,452	18
Social security	22,530	22,970	22,881	89
Postage	170	170	13	157
Membership and dues	600	600	340	260
Auto operating expenses	5,000	14,700	17,891	(3,191)
Electricity	740,500	827,310	826,485	825
Telephone related services	40,000	57,520	57,139	381
Heating fuel	200	280	277	3
Radio maintenance	400	400	333	67
Machine and equipment repairs	63,000	69,600	70,328	(728)
Building maintenance	3,000	13,070	13,069	1
Uniform and clothing	4,000	5,070	4,722	348
Chemicals	100,000	81,750	74,261	7,489
Lab supplies	14,500	14,500	14,319	181
Employee training	1,000	1,300	1,294	6
Professional services	60,000	92,000	76,777	15,223
Well repairs	89,500	151,890	250,857	(98,967)
Special departmental supplies	5,500	6,500	6,077	423
Gas and oil	34,000	21,500	20,845	655
Water usage	8,500	38,400	38,219	181
Upgrade and painting	140,000	238,730	-	238,730
Total Water Production - Ground Water	1,756,680	2,076,960	1,909,674	167,286

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, 2018

	<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	830,930	766,670	719,542	47,128
Retirement	112,680	105,390	98,148	7,242
Health insurance	166,330	157,350	137,988	19,362
Workers' compensation	23,430	24,890	24,875	15
Social security	61,040	57,340	52,268	5,072
Printing and supplies	7,050	6,550	6,221	329
Postage	150	150	-	150
Membership and dues	300	300	149	151
Auto operating expenses	25,500	14,760	14,254	506
Electricity	15,000	9,000	8,656	344
Telephone related services	6,000	7,840	7,588	252
Heating fuel	10,000	4,800	4,269	531
Radio maintenance	500	500	196	304
Maintenance and service contracts	4,500	8,400	7,987	413
Maintenance and equipment repairs	21,000	34,000	33,088	912
Building maintenance	14,000	101,500	23,945	77,555
Uniform and clothing	18,000	18,000	12,472	5,528
Meters, parts and supplies	180,000	131,000	185,302	(54,302)
Pipe fittings and hydrants	240,000	255,510	353,786	(98,276)
Paving materials and supplies	7,500	10,100	9,928	172
Employee training	1,000	1,000	220	780
Professional services	10,000	5,000	210,655	(205,655)
Special departmental supplies	27,000	24,200	19,694	4,506
Gas and oil	60,000	49,490	49,389	101
Water usage	10,500	10,500	10,215	285
Total Distribution Operations	<u>1,852,410</u>	<u>1,804,240</u>	<u>1,990,835</u>	<u>(186,595)</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, 2018

	<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	672,090	663,300	658,820	4,480
Retirement	91,140	94,750	94,097	653
Health insurance	131,570	124,610	121,376	3,234
Workers' compensation	15,650	16,730	16,630	100
Social security	49,190	50,610	50,015	595
Printing and supplies	700	700	-	700
Postage	50	50	-	50
Membership and dues	1,000	1,000	55	945
Travel and conferences	400	400	-	400
Auto operating expenses	28,400	36,400	38,125	(1,725)
Telephone related services	1,600	1,600	1,303	297
Radio maintenance	500	500	12	488
Maintenance and equipment repairs	29,000	56,000	55,631	369
Uniform and clothing	11,000	10,810	8,628	2,182
Pipe fittings and hydrants	96,000	35,500	46,267	(10,767)
Paving materials and supplies	46,000	42,500	39,916	2,584
Employee training	2,000	2,000	45	1,955
Professional services	200	800	616	184
Special departmental supplies	20,000	15,900	11,689	4,211
Gas and oil	50,000	40,500	40,063	437
Total Collection Operations	1,246,490	1,194,660	1,183,288	11,372
Non-Departmental				
Depreciation and amortization	6,936,000	6,936,000	8,244,342	(1,308,342)
Bank charges	85,000	40,000	70,420	(30,420)
Credit card fees	180,000	150,000	146,967	3,033
Employee relations	24,000	35,000	31,998	3,002
Unemployment compensation	1,000	5,500	5,192	308
Other post employment benefits	226,900	226,900	237,826	(10,926)
GASB 68 pension expense	-	-	441,518	(441,518)
Property and liability insurance	242,000	246,000	245,695	305
Small claims	68,000	75,000	68,524	6,476
Employee W/C small claims	15,000	29,000	21,235	7,765
Legal services	75,000	70,000	59,037	10,963
City Center operations	350,000	477,000	438,706	38,294
Contingency	355,000	1,223,500	-	1,223,500

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses--Continued				
Non-Departmental--continued				
Tank Site development	-	104,000	31,470	72,530
IT support services	238,000	257,500	257,145	355
IT upgrade	45,000	60,000	21,718	38,282
Management system software	60,000	121,000	85,285	35,715
Health services	29,000	28,000	24,559	3,441
Public information services	21,600	12,600	12,600	-
Special projects	210,000	241,500	185,711	55,789
Property acquisition	-	-	375	(375)
Total Non-Departmental	<u>9,161,500</u>	<u>10,338,500</u>	<u>10,630,323</u>	<u>(291,823)</u>
TOTAL OPERATING EXPENSES	<u>23,614,000</u>	<u>25,428,000</u>	<u>24,672,239</u>	<u>755,761</u>
OPERATING INCOME	<u>12,118,000</u>	<u>10,259,000</u>	<u>10,942,345</u>	<u>683,345</u>
Non-Operating Revenues (Expenses)				
Investment earnings	75,000	120,000	512,753	392,753
Economic development	(1,250,000)	(1,250,000)	(936,114)	313,886
Miscellaneous revenues	1,343,000	1,343,000	1,930,593	587,593
Gain on disposal of assets	-	-	30,166	30,166
Interest expense	-	-	(3,919,154)	(3,919,154)
Appropriation of net position	-	842,000	-	(842,000)
Total Non-Operating (Expenses)	<u>168,000</u>	<u>1,055,000</u>	<u>(2,381,756)</u>	<u>(3,436,756)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>12,286,000</u>	<u>11,314,000</u>	<u>8,560,589</u>	<u>(2,753,411)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>919,842</u>	<u>919,842</u>
INCOME BEFORE TRANSFERS TRANSFERS OUT	<u>12,286,000</u> <u>(13,131,000)</u>	<u>11,314,000</u> <u>(12,159,000)</u>	<u>9,480,431</u> <u>(3,356,229)</u>	<u>(1,833,569)</u> <u>8,802,771</u>
CHANGES IN NET POSITION	<u>(845,000)</u>	<u>(845,000)</u>	<u>6,124,202</u>	<u>6,969,202</u>
Net position at beginning of year	<u>128,600,296</u>	<u>128,600,296</u>	<u>128,600,296</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 127,755,296</u>	<u>\$ 127,755,296</u>	<u>\$ 134,724,498</u>	<u>\$ 6,969,202</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
Proprietary Fund - Stormwater Utility Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Stormwater service fees	\$ 1,310,000	\$ 1,310,000	\$ 1,307,616	\$ (2,384)
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>8,053</u>	<u>553</u>
Total Operating Revenues	<u>1,317,500</u>	<u>1,317,500</u>	<u>1,315,669</u>	<u>(1,831)</u>
Operating Expenses				
Salary and wages	341,500	321,900	312,706	9,194
Retirement	46,290	44,120	41,975	2,145
Health insurance	62,130	58,410	57,812	598
Workers' compensation	8,910	9,430	9,381	49
Social security	25,240	24,110	24,816	(706)
Printing and supplies	500	500	164	336
Membership and dues	1,500	-	-	-
Postage	200	200	-	200
Travel and conferences	800	300	-	300
Auto operating expenses	16,000	28,000	29,458	(1,458)
Electricity	5,000	4,100	3,634	466
Telephone related services	1,500	1,500	1,054	446
Radio maintenance	500	500	299	201
Maintenance and equipment repairs	23,500	18,000	17,606	394
Uniforms and clothing	5,000	5,000	3,887	1,113
Pipe fittings and hydrants	11,700	11,700	11,313	387
Employee training	1,500	-	-	-
Professional services	19,730	20,230	112,399	(92,169)
Special departmental supplies	8,700	9,600	9,278	322
Gas and oil	35,000	35,500	35,042	458
Depreciation	607,000	607,000	575,987	31,013
Employee relations	2,000	2,700	2,562	138
Property and liability insurance	8,300	8,300	8,269	31
Other post employment benefits	9,100	9,100	9,513	(413)
GASB 68 pension expense	-	-	31,536	(31,536)
TOTAL OPERATING EXPENSES	<u>1,241,600</u>	<u>1,220,200</u>	<u>1,302,041</u>	<u>(81,841)</u>
OPERATING INCOME	<u>75,900</u>	<u>97,300</u>	<u>13,628</u>	<u>(83,672)</u>

City of Florence, South Carolina
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual--Continued
Proprietary Fund - Stormwater Utility Fund
Year Ended June 30, 2018

	<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	7,500	7,500	12,940	5,440
Miscellaneous revenues	60,000	60,000	45,500	(14,500)
Interest expense	-	-	(34,295)	(34,295)
Loss on disposal of assets	-	-	(2,685)	(2,685)
Total Non-Operating Revenues (Expenses)	<u>67,500</u>	<u>67,500</u>	<u>21,460</u>	<u>(46,040)</u>
 INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	 143,400	 164,800	 35,088	 (129,712)
 CAPITAL CONTRIBUTIONS	 <u>-</u>	 <u>-</u>	 <u>270,906</u>	 <u>270,906</u>
 INCOME BEFORE TRANSFERS TRANSFERS OUT	 143,400 <u>(223,400)</u>	 164,800 <u>(244,800)</u>	 305,994 <u>(115,000)</u>	 141,194 <u>129,800</u>
 CHANGES IN NET POSITION	 (80,000)	 (80,000)	 190,994	 270,994
Net position at beginning of year	<u>2,852,314</u>	<u>2,852,314</u>	<u>2,852,314</u>	<u>-</u>
 NET POSITION AT END OF YEAR	 <u>\$ 2,772,314</u>	 <u>\$ 2,772,314</u>	 <u>\$ 3,043,308</u>	 <u>\$ 270,994</u>

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

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			1,031,556	1,031,556
Court fines and assessments remitted to State Treasurer			564,936	564,936
Total Court Fines and Assessments retained			466,619	466,619
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			12,895	12,895
Assessments retained			50,192	50,192
Total Surcharges and Assessments retained for victim services			63,087	63,087

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	115,307		115,307
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	50,192		50,192
Victim Service Surcharges Retained by City/County Treasurer	12,895		12,895
Interest Earned	122		122
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)	178,517		178,517

CITY OF FLORENCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	64,469		64,469
Operating Expenditures	5,266		5,266
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)	69,736		69,736
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	108,781		108,781
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	108,781		108,781

STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	154
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	158
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	168

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

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Table 01

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in,										
capital assets	\$ 17,499,606	\$ 13,871,015	\$ 17,158,331	\$ 19,429,425	\$ 20,692,434	\$ 19,816,179	\$ 23,841,085	\$ 29,033,102	\$ 38,005,596	\$ 45,883,732
Restricted	30,000	30,000	5,029,732	1,279,834	2,815,762	2,213,701	2,074,462	2,351,821	6,077,735	4,019,313
Unrestricted	10,298,441	14,544,052	8,484,126	8,596,543	8,804,690	9,331,143	(13,305,020)	(12,331,352)	(9,668,156)	(16,772,297)
Total governmental activities net assets	\$ 27,828,047	\$ 28,445,067	\$ 30,672,189	\$ 29,305,802	\$ 32,312,886	\$ 31,361,023	\$ 12,610,527	\$ 19,053,571	\$ 34,415,175	\$ 33,130,748
Business-type activities										
Net investment in,										
capital assets	\$ 63,684,875	\$ 63,713,249	\$ 79,843,049	\$ 82,021,447	\$ 89,407,316	\$ 91,842,316	\$ 88,515,915	\$ 89,734,266	\$ 95,268,914	\$ 101,751,447
Restricted	2,473,850	5,075,799	6,323,412	4,899,688	4,794,542	4,704,434	10,180,548	9,760,388	9,055,832	7,988,039
Unrestricted	17,791,955	23,762,825	16,707,215	25,586,627	27,718,326	35,629,092	24,556,756	29,552,940	29,988,158	28,028,320
Total business-type activities net assets	\$ 83,950,680	\$ 92,551,873	\$ 102,873,676	\$ 112,507,762	\$ 121,920,184	\$ 132,175,842	\$ 123,253,219	\$ 129,047,594	\$ 134,312,904	\$ 137,767,806
Primary government totals										
Net investment in,										
capital assets	\$ 81,184,481	\$ 77,584,264	\$ 97,001,380	\$ 101,450,872	\$ 110,099,750	\$ 111,658,495	\$ 112,357,000	\$ 118,767,368	\$ 133,274,510	\$ 147,635,179
Restricted	2,503,850	5,105,799	11,353,144	6,179,522	7,610,304	6,918,135	12,255,010	12,112,209	15,133,567	12,007,352
Unrestricted	28,090,396	38,306,877	25,191,341	34,183,170	36,523,016	44,960,235	11,251,736	17,221,588	20,320,002	11,256,023
Total primary government net assets	\$ 111,778,727	\$ 120,996,940	\$ 133,545,865	\$ 141,813,564	\$ 154,233,070	\$ 163,536,865	\$ 135,863,746	\$ 148,101,165	\$ 168,728,079	\$ 170,898,554

Table 02

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 8,068,970	\$ 7,307,747	\$ 6,910,887	\$ 6,884,773	\$ 6,224,892	\$ 7,448,009	\$ 8,876,968	\$ 8,644,736	\$ 12,239,632	\$ 12,317,892
Public safety	13,323,884	13,409,835	14,139,828	15,342,743	14,258,623	14,418,964	14,941,776	14,544,967	14,958,057	15,066,903
Public works	4,933,597	5,172,572	4,868,876	5,527,026	5,789,957	6,893,527	6,875,207	6,646,686	6,829,919	7,500,862
Culture and recreation	6,765,323	4,318,364	4,030,009	5,223,822	4,939,601	4,767,511	4,967,947	4,954,024	4,547,612	5,088,425
Community development	328,207	1,697,060	502,885	1,097,686	730,670	1,235,708	777,787	937,622	1,550,188	2,387,177
Interest on debt	273,148	365,197	525,463	672,883	428,682	462,255	1,005,236	1,030,379	1,528,433	2,149,479
Total governmental activities expenses	33,693,129	32,270,775	30,977,948	34,748,933	32,372,425	35,225,974	37,444,921	36,758,414	41,653,841	44,510,738
Business-type activities:										
Water & Sewer	20,480,653	19,267,013	17,974,450	18,376,996	18,926,059	20,005,585	30,064,373	24,495,818	27,691,355	27,566,748
Stormwater	1,070,200	1,159,819	1,210,596	1,295,628	1,197,054	1,309,421	1,265,095	1,037,530	1,173,863	1,293,521
Total business-type activities expenses	21,550,853	20,426,832	19,185,046	19,672,624	20,123,113	21,315,006	31,329,468	25,533,348	28,865,218	28,860,269
Total primary government expenses	\$ 55,243,982	\$ 52,697,607	\$ 50,162,994	\$ 54,421,557	\$ 52,495,538	\$ 56,540,980	\$ 68,774,389	\$ 62,291,762	\$ 70,519,059	\$ 73,371,007
Program Revenues										
Governmental activities:										
Charges for services	\$ 13,759,832	\$ 14,532,169	\$ 13,867,188	\$ 13,786,297	\$ 15,030,057	\$ 15,232,023	\$ 15,749,432	\$ 15,884,921	\$ 17,253,231	\$ 17,282,058
Operating grants and contributions	1,552,503	3,313,840	4,073,237	2,971,633	2,362,524	1,611,072	2,475,584	2,248,462	5,562,426	2,655,631
Capital grants and contributions	736,431	285,763	51,000	356,500	111,430	-	4,799,532	189,356	5,501,991	1,051,725
Total governmental activities program revenues	16,048,766	18,131,772	17,991,425	17,114,430	17,504,011	16,843,095	23,024,548	18,322,739	28,317,648	20,989,414
Business-type activities:										
Charges for services:										
Water & Sewer	25,476,228	27,616,193	28,554,598	29,557,415	29,988,906	31,256,440	32,457,737	33,366,766	35,122,557	34,780,190
Stormwater	1,219,444	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616
Operating grants and contributions	-	-	-	-	119,553	-	-	-	-	-
Capital grants and contributions	814,663	574,568	741,858	-	82,545	226,298	366,838	-	-	1,190,748
Total business-type activities revenues	27,510,335	29,424,764	30,544,339	30,810,314	31,462,506	32,755,595	34,105,062	34,670,748	36,437,477	37,278,554
Total primary government revenues	43,559,101	47,556,536	48,535,764	47,924,744	48,966,517	49,598,690	57,129,610	52,993,487	64,755,125	58,267,968
Net (expense)/revenue										
Governmental activities	(17,644,363)	(14,139,003)	(12,986,523)	(17,634,503)	(14,868,414)	(18,382,879)	(14,420,373)	(18,435,675)	(13,336,193)	(23,521,324)
Business-type activities	5,959,482	8,997,932	11,359,293	11,137,690	11,339,393	11,440,589	2,775,594	9,137,400	7,572,259	8,418,285
Total primary government net expense	\$ (11,684,881)	\$ (5,141,071)	\$ (1,627,230)	\$ (6,496,813)	\$ (3,529,021)	\$ (6,942,290)	\$ (11,644,779)	\$ (9,298,275)	\$ (5,763,934)	\$ (15,103,039)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes and fees										
Property taxes	\$ 8,594,436	\$ 8,766,376	\$ 9,375,114	\$ 9,401,312	\$ 9,340,283	\$ 9,462,898	\$ 9,617,294	\$ 9,958,587	\$ 10,657,474	\$ 10,815,950
Hospitality Fees	2,800,739	2,841,585	2,926,340	3,092,529	3,214,470	3,396,306	3,677,328	3,863,554	4,036,958	4,101,928
Unrestricted grants and contributions	942,306	790,254	711,684	728,643	851,358	1,320,504	2,293,423	5,595,294	9,555,205	9,468,380
Investment earnings	186,869	45,791	22,815	20,686	42,800	25,579	66,674	121,779	256,538	548,200
Gain on sale of assets	-	-	-	355,108	-	-	-	-	-	-
Miscellaneous	514,233	188,017	158,122	149,837	895,937	1,112,385	793,547	745,861	593,622	1,972,958
Transfers	1,637,000	2,124,000	2,019,569	2,520,001	2,956,317	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229
Total governmental activities	<u>14,675,583</u>	<u>14,756,023</u>	<u>15,213,644</u>	<u>16,268,116</u>	<u>17,301,165</u>	<u>17,431,016</u>	<u>19,621,965</u>	<u>24,878,719</u>	<u>28,697,797</u>	<u>30,378,645</u>
Business-type activities										
Investment earnings	365,531	231,755	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693
Miscellaneous	913,528	1,495,506	928,575	965,858	977,161	897,012	1,091,191	1,074,478	987,088	842,447
Transfers	(1,637,000)	(2,124,000)	(2,019,569)	(2,520,001)	(2,956,317)	(2,113,344)	(3,173,699)	(4,593,644)	(3,598,000)	(3,471,229)
Total business-type activities	<u>(357,941)</u>	<u>(396,739)</u>	<u>(1,037,490)</u>	<u>(1,503,604)</u>	<u>(1,926,971)</u>	<u>(1,184,931)</u>	<u>(2,004,787)</u>	<u>(3,343,025)</u>	<u>(2,306,949)</u>	<u>(2,103,089)</u>
Total primary government	<u>\$ 14,317,642</u>	<u>\$ 14,359,284</u>	<u>\$ 14,176,154</u>	<u>\$ 14,764,512</u>	<u>\$ 15,374,194</u>	<u>\$ 16,246,085</u>	<u>\$ 17,617,178</u>	<u>\$ 21,535,694</u>	<u>\$ 26,390,848</u>	<u>\$ 28,275,556</u>
Changes in Net Position										
Governmental activities	\$ (2,968,780)	\$ 617,020	\$ 2,227,121	\$ (1,366,387)	\$ 2,432,751	\$ (951,863)	\$ 5,201,592	\$ 6,443,044	\$ 15,361,604	\$ 6,857,321
Business-type activities	5,601,541	8,601,193	10,321,803	9,634,086	9,412,422	10,255,658	770,807	5,794,375	5,265,310	6,315,196
Total primary government	<u>\$ 2,632,761</u>	<u>\$ 9,218,213</u>	<u>\$ 12,548,924</u>	<u>\$ 8,267,699</u>	<u>\$ 11,845,173</u>	<u>\$ 9,303,795</u>	<u>\$ 5,972,399</u>	<u>\$ 12,237,419</u>	<u>\$ 20,626,914</u>	<u>\$ 13,172,517</u>

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
2009	\$ 8,594,436	\$ 10,332,888	\$ 2,800,739	\$ 725,808	\$ 22,453,871
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,375,114	10,347,941	2,926,340	695,789	23,345,184
2012	9,401,312	10,318,699	3,092,529	692,526	23,505,066
2013	9,340,283	11,085,979	3,214,470	644,920	24,285,652
2014	9,462,898	11,334,578	3,396,306	637,172	24,830,954
2015	9,617,294	11,528,597	3,677,328	540,934	25,364,153
2016	9,958,587	11,711,268	3,863,554	549,212	26,082,621
2017	10,657,474	13,202,859	4,036,958	465,109	28,362,400
2018	10,815,950	13,444,405	4,101,928	416,398	28,778,681

Table 04

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ 255,201	\$ 265,745	\$ 253,173	\$ 260,220	\$ 220,390	\$ 186,194	\$ 155,067	\$ 2,145,914
Restricted	-	-	210,000	-	331,319	-	-	-	-	-
Reserved ¹	27,000	240,000	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	693,523	781,179	1,934,688	1,979,096	2,355,008	3,249,055	3,764,823	3,776,576
Unreserved ¹	9,022,785	9,510,270	-	-	-	-	-	-	-	-
Unassigned	-	-	8,740,538	8,291,180	8,415,209	9,081,509	10,109,014	11,591,331	13,320,377	11,053,105
Total General Fund	\$ 9,049,785	\$ 9,750,270	\$ 9,899,262	\$ 9,338,104	\$ 10,934,389	\$ 11,320,825	\$ 12,684,412	\$ 15,026,580	\$ 17,240,267	\$ 16,975,595
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ 20,730	\$ 25,063	\$ 47,381	\$ 24,700	\$ 33,892	\$ 10,500	\$ 23,061	\$ 11,473
Restricted	-	-	1,733,579	1,279,834	2,484,443	17,846,136	15,347,557	14,621,783	28,880,415	40,327,171
Reserved ¹	-	-	-	-	-	-	-	-	-	-
Committed	-	-	3,141,642	1,409,480	596,533	596,233	522,669	411,240	174,408	19,816
Assigned	-	-	1,194,567	675,914	-	15,000	-	-	-	-
Unreserved ¹	8,889,745	7,169,422	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,889,745	\$ 7,169,422	\$ 6,090,518	\$ 3,390,291	\$ 3,128,357	\$ 18,482,069	\$ 15,904,118	\$ 15,043,523	\$ 29,077,884	\$ 40,358,460

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

Table 05

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Property Taxes	\$ 8,577,341	\$ 8,766,376	\$ 9,345,471	\$ 9,399,509	\$ 9,356,801	\$ 9,494,556	\$ 9,615,783	\$ 9,931,653	\$10,678,127	\$ 10,803,006
Licenses and fees	13,133,627	13,322,031	13,274,281	13,411,228	14,510,042	14,910,015	16,034,673	19,426,009	22,932,167	22,878,390
Intergovernmental	2,529,952	4,290,958	2,715,256	3,790,156	3,772,655	3,872,395	4,975,460	5,056,720	8,075,493	5,643,675
Charges for services	2,047,613	2,211,833	2,128,982	2,159,166	2,387,117	2,230,427	2,487,241	2,522,868	2,626,414	3,160,164
Fines and forfeitures	725,808	784,380	695,789	692,526	644,920	637,171	540,934	549,212	465,109	416,398
Investment earnings	186,869	45,791	30,006	20,689	40,298	25,579	66,674	121,779	256,538	548,200
Miscellaneous	1,132,615	1,036,131	3,001,651	675,859	1,042,119	534,793	654,253	536,381	2,783,624	3,562,056
Total revenues	<u>28,333,825</u>	<u>30,457,500</u>	<u>31,191,436</u>	<u>30,149,133</u>	<u>31,753,952</u>	<u>31,704,936</u>	<u>34,375,018</u>	<u>38,144,622</u>	<u>47,817,472</u>	<u>47,011,889</u>
Expenditures										
Current										
General government	7,407,872	6,995,675	6,765,865	6,776,184	6,072,413	7,315,367	6,911,151	7,558,246	9,791,500	9,858,059
Public safety	12,417,086	12,392,972	12,947,045	14,132,035	13,552,531	14,001,197	14,240,947	13,820,581	14,060,888	13,906,863
Public works	4,290,955	4,479,662	4,254,787	4,699,514	4,909,427	6,116,375	5,995,862	5,802,639	6,067,821	6,142,350
Culture and recreation	6,408,020	3,865,643	3,637,061	4,801,637	4,331,993	3,960,994	4,282,804	4,273,709	3,961,033	4,511,694
Community development	328,207	1,696,760	502,885	1,097,686	730,670	1,418,149	777,787	937,622	1,550,188	2,300,015
Debt Service										
Principal	670,369	1,069,978	1,162,813	2,358,462	1,763,799	8,410,196	1,677,644	1,855,632	16,891,310	4,059,191
Interest	142,569	390,440	537,190	612,332	459,469	473,483	1,002,763	1,012,960	1,597,432	2,209,172
Capital Outlay	<u>3,116,214</u>	<u>2,612,360</u>	<u>9,764,155</u>	<u>1,920,377</u>	<u>8,155,386</u>	<u>1,234,356</u>	<u>4,649,677</u>	<u>15,655,333</u>	<u>16,935,888</u>	<u>12,081,550</u>
Total expenditures	<u>34,781,292</u>	<u>33,503,490</u>	<u>39,571,801</u>	<u>36,398,227</u>	<u>39,975,688</u>	<u>42,930,117</u>	<u>39,538,635</u>	<u>50,916,722</u>	<u>70,856,060</u>	<u>55,068,894</u>
Excess of revenues under expenditures	<u>(6,447,467)</u>	<u>(3,045,990)</u>	<u>(8,380,365)</u>	<u>(6,249,094)</u>	<u>(8,221,736)</u>	<u>(11,225,181)</u>	<u>(5,163,617)</u>	<u>(12,772,100)</u>	<u>(23,038,588)</u>	<u>(8,057,005)</u>
Other financing sources (uses)										
Issuance of debt	-	-	5,345,000	-	-	23,734,000	-	6,750,000	35,570,000	15,334,554
Debt issuance cost	(52,305)	-	(37,000)	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	72,102	-	487,788	296,753	246,904	118,636	234,726
Transfers in	2,460,915	3,062,440	2,851,048	3,353,864	4,100,888	4,338,317	4,315,923	5,985,842	23,075,136	5,548,735
Transfers out	(823,915)	(938,440)	(669,189)	(833,863)	(1,155,163)	(2,224,973)	(1,142,224)	(1,392,198)	(19,477,136)	(2,077,506)
Proceeds from sale of property	-	-	-	-	-	-	-	777,040	-	-
Proceeds of capital lease	9,558,117	-	47,025	395,606	6,610,362	705,308	478,801	1,886,085	-	32,400
Total other financing sources (uses)	<u>11,142,812</u>	<u>2,124,000</u>	<u>7,536,884</u>	<u>2,987,709</u>	<u>9,556,087</u>	<u>27,040,440</u>	<u>3,949,253</u>	<u>14,253,673</u>	<u>39,286,636</u>	<u>19,072,909</u>
Net changes in governmental fund balance	<u>\$ 4,695,345</u>	<u>\$ (921,990)</u>	<u>\$ (843,481)</u>	<u>\$ (3,261,385)</u>	<u>\$ 1,334,351</u>	<u>\$ 15,815,259</u>	<u>\$ (1,214,364)</u>	<u>\$ 1,481,573</u>	<u>\$16,248,048</u>	<u>\$ 11,015,904</u>
Debt service as a percentage of non-capital expenditures	2.6%	4.7%	5.7%	8.6%	7.0%	21.3%	7.7%	8.1%	34.3%	14.6%

Table 06

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Water & Sewer										
Service Fees	\$ 24,796,610	\$ 27,163,915	\$ 28,151,177	\$ 28,975,273	\$ 29,431,296	\$ 30,637,166	\$ 31,728,876	\$ 32,571,063	\$ 34,288,028	\$ 33,782,797
Sewer Surcharges	68,766	69,589	96,440	35,156	40,594	50,664	21,944	17,698	102	-
Cut on Fees	157,812	163,132	162,648	147,414	193,597	187,447	190,132	151,209	159,534	167,278
Water & Sewer										
Tap Fees	453,040	382,689	403,421	546,986	517,016	568,610	706,918	778,005	834,426	997,393
Service Charges	255,388	265,134	226,186	240,778	269,065	226,691	246,082	243,994	249,883	234,730
Late Fees	285,028	418,462	422,020	430,468	390,401	404,942	472,545	427,652	358,480	228,925
Stormwater Fees	1,219,444	1,234,003	1,247,883	1,252,899	1,271,502	1,272,857	1,280,487	1,303,982	1,314,920	1,307,616
Investment earnings	365,531	231,755	53,504	50,539	52,185	31,401	77,721	176,141	303,963	525,693
Intergovernmental revenues	-	-	-	-	119,553	-	-	-	-	-
Miscellaneous	1,187,775	1,223,346	928,575	152,512	206,643	304,230	2,508,622	3,307,917	2,055,470	3,405,836
Total revenues	<u>28,789,394</u>	<u>31,152,025</u>	<u>31,691,854</u>	<u>31,832,025</u>	<u>32,491,852</u>	<u>33,684,008</u>	<u>37,233,327</u>	<u>38,977,661</u>	<u>39,564,806</u>	<u>40,650,268</u>
Expenditures										
Current										
Engineering	869,298	911,246	974,177	1,032,580	987,846	924,838	958,134	1,002,782	1,003,953	1,197,154
Utility Finance	851,037	818,791	932,884	1,411,815	1,939,902	1,694,928	1,732,099	1,735,464	1,711,197	1,847,515
Wastewater Treatment	2,984,387	3,201,419	3,255,574	3,239,314	3,581,179	3,775,600	3,841,748	4,051,886	4,520,864	4,392,813
Water Production	2,882,349	2,963,361	2,668,762	3,302,963	2,881,285	2,826,265	3,431,693	2,863,744	3,120,877	3,430,311
Distribution Operations	2,914,425	2,091,324	2,275,930	1,731,542	1,837,213	1,737,163	1,524,071	1,480,868	1,769,187	1,990,835
Collection Operations	263,678	755,176	768,601	732,536	787,045	971,134	1,157,306	1,122,358	1,192,920	1,183,288
Stormwater	920,469	1,019,210	1,079,309	1,198,115	1,126,321	1,245,346	1,208,065	1,202,009	1,216,984	1,302,041
Non-departmental	9,865,212	8,689,525	7,289,814	7,029,073	6,992,914	8,139,732	19,435,705	15,130,531	16,165,514	15,519,886
Net Interdepartmental										
Transfer	1,637,000	2,124,000	2,125,000	2,520,001	2,945,725	2,113,344	3,173,699	4,593,644	3,598,000	3,471,229
Total expense	<u>23,187,855</u>	<u>22,574,052</u>	<u>21,370,051</u>	<u>22,197,939</u>	<u>23,079,430</u>	<u>23,428,350</u>	<u>36,462,520</u>	<u>33,183,286</u>	<u>34,299,496</u>	<u>34,335,072</u>
Net change in net position	<u>\$ 5,601,539</u>	<u>\$ 8,577,973</u>	<u>\$ 10,321,803</u>	<u>\$ 9,634,086</u>	<u>\$ 9,412,422</u>	<u>\$ 10,255,658</u>	<u>\$ 770,807</u>	<u>\$ 5,794,375</u>	<u>\$ 5,265,310</u>	<u>\$ 6,315,196</u>

**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>
2009	\$ 8,577,341	\$ 10,332,888	\$ 2,800,739	\$ 725,808	\$ 22,436,776
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,345,471	10,347,941	2,926,340	695,789	23,315,541
2012	9,399,509	10,318,699	3,092,529	692,526	23,503,263
2013	9,356,801	11,085,979	3,214,470	644,920	24,302,170
2014	9,494,556	11,334,578	3,396,306	637,172	24,862,612
2015	9,615,783	11,528,597	3,677,328	540,934	25,362,642
2016	9,931,653	11,711,268	3,863,554	549,212	26,055,687
2017	10,678,127	13,202,859	4,036,958	465,109	28,383,053
2018	10,803,006	13,444,405	4,101,928	416,398	28,765,737

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					
2009	2008	\$ 46,591,593	\$ 67,302,466	\$ 14,886,860	\$ 22,118,529	\$ 4,282,034	\$ 146,617,414	54.9	\$ 2,728,131,590	5.37
2010	2009	48,563,854	68,919,960	13,671,060	21,327,503	4,434,172	148,048,205	54.9	2,777,562,487	5.33
2011	2010	53,718,182	70,501,984	14,093,880	20,772,127	4,553,707	154,532,466	56.7	2,930,483,528	5.27
2012	2011	54,714,285	71,085,672	14,523,690	19,183,573	4,591,064	154,916,156	56.7	2,960,477,579	5.23
2013	2012	54,937,686	69,773,408	15,291,980	18,778,579	4,687,925	154,093,728	56.7	2,957,895,007	5.21
2014	2013	55,007,595	71,270,577	16,326,470	17,496,320	4,737,361	155,363,601	56.7	2,990,280,434	5.20
2015	2014	55,965,147	72,424,916	17,531,340	18,490,006	4,881,047	159,530,362	56.5	3,062,438,917	5.21
2016	2015	58,302,456	73,973,466	18,682,293	19,513,566	4,740,033	165,731,748	56.5	3,173,815,982	5.22
2017	2016	59,216,059	75,218,067	18,500,010	18,659,525	4,750,814	166,842,847	60.2	3,206,808,386	5.20
2018	2017	60,517,843	76,675,665	17,804,980	18,027,813	4,900,954	168,125,347	60.9	3,245,683,279	5.18

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		
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4
2010	2009	54.9	0.0	54.9	67.9	9.0	76.9	171.7	34.3	206.0	4.9	342.7
2011	2010	53.7	3.0	56.7	67.9	9.0	76.9	173.2	32.0	205.2	4.9	343.7
2012	2011	53.7	3.0	56.7	68.9	8.0	76.9	177.5	30.0	207.5	4.9	346.0
2013	2012	53.7	3.0	56.7	71.9	8.0	79.9	184.5	35.6	220.1	4.9	361.6
2014	2013	53.7	3.0	56.7	75.4	9.0	84.4	189.3	31.7	221.0	4.9	367.0
2015	2014	53.7	2.8	56.5	73.0	8.5	81.5	192.7	29.4	222.1	4.9	365.0
2016	2015	53.7	2.8	56.5	74.6	9.6	84.2	197.3	30.4	227.7	4.9	373.3
2017	2016	57.4	2.8	60.2	74.6	12.7	87.3	197.5	31.5	229.0	4.9	381.4
2018	2017	58.1	2.8	60.9	75.6	12.7	88.3	197.5	32.0	229.5	4.9	383.6

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
Carolinas Hospital System	\$ 8,138,550	1	4.70%	\$ 9,416,170	1	6.24%
Duke Energy Progress ⁽³⁾	3,406,440	2	1.97	3,256,870	4	2.16%
Magnolia, LLC	3,252,000	3	1.88	3,256,870	3	2.16%
McLeod Regional Medical Center	3,030,760	4	1.75	4,379,270	2	2.90%
Florence Mall	1,827,510	5	1.06			
Wal-Mart	1,720,590	6	0.99	1,196,980	8	0.79%
Raldex, Inc	1,682,192	7	0.97	1,387,790	6	0.92%
Holcombe Land Development	1,289,810	8	0.75	1,311,780	7	0.87%
South Carolina Electric and Gas	1,045,620	9	0.60			
BellSouth Telecommunications	998,490	10	0.58	2,936,550	5	1.95%
Edens & Avant Fin. Ltd. Partnership				1,066,770	9	0.71%
Lowe's Home Improvement				780,590	10	0.52%

Source: Florence County

(1) Total Assessed Value for 2018 was \$173,026,301

(2) Total Assessed Value for 2009 was \$150,899,448

(3) In FY 2013 Duke Energy merged with Carolina Power and Light

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>
2009	2008	\$8,284,380	\$8,125,465	98.1%	\$ 82,982	\$8,208,447	99.1%
2010	2009	8,371,282	8,260,672	98.7	63,920	8,324,592	99.4
2011	2010	9,020,186	8,793,288	97.5	81,004	8,874,292	98.4
2012	2011	9,044,059	8,846,137	97.8	117,939	8,964,076	99.1
2013	2012	9,002,920	8,831,673	98.1	57,363	8,889,036	98.7
2014	2013	9,077,725	8,950,117	98.6	60,446	9,010,563	99.3
2015	2014	9,289,810	9,077,292	97.7	59,144	9,136,436	98.3
2016	2015	9,631,656	9,385,169	97.4	77,240	9,462,409	98.2
2017	2016	10,329,938	9,998,304	96.8	107,652	10,105,956	97.8
2018	2017	10,537,302	10,408,923	98.8	72,719	10,481,642	99.5

Source: Florence County

Table 12

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2009	\$ -	\$ -	\$ 2,235,000	\$ 11,363,248	\$ 34,555,000	\$ 22,645,511	\$ 70,798,759	1.08%	\$2,200
2010	-	-	2,060,675	10,466,595	111,040,082	17,419,572	140,986,924	2.15	3,805
2011	5,345,000	-	1,829,137	9,563,108	109,375,650	27,950,456	154,063,351	2.24	4,096
2012	5,092,905	-	1,416,062	8,265,421	105,252,219	28,815,589	148,842,196	2.10	3,938
2013	4,828,098	-	1,272,204	13,520,649	102,209,789	28,420,215	150,250,955	2.10	3,978
2014	4,550,124	23,734,000	675,000	6,690,939	105,069,530	35,715,144	176,434,737	2.42	4,648
2015	4,258,515	23,014,000	610,000	6,568,705	101,713,084	40,347,292	176,511,596	2.35	4,658
2016	10,702,785	22,278,000	545,000	7,705,888	100,841,803	35,559,195	177,632,671	2.32	4,702
2017	8,382,433	44,142,000	480,000	6,905,930	98,033,635	33,785,520	191,729,518	*	5,075
2018	6,046,942	58,333,000	749,554	6,088,630	94,944,511	35,726,808	201,889,445	*	5,291

(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>
2009	32,180	\$150,899,448	\$ -	\$ -	\$ -	0.00%	\$ -
2010	37,056	152,482,377	-	-	-	0.00	-
2011	37,614	159,086,173 ⁽²⁾	5,345,000	-	5,345,000	3.36	142
2012	37,801	159,507,220	5,092,905	431,975	4,660,930	2.92	123
2013	37,774	159,781,653	4,828,098	475,412	4,352,686	2.72	115
2014	37,963	160,100,962	4,550,124	521,650	4,028,474	2.52	106
2015	37,894	164,411,409	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

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Revenue and Fiscal Affairs Office or City of Florence Finance Department.

(2) Reassessment

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2018**

<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	\$70,876,844	100.00%	\$70,876,844
Overlapping:⁽²⁾			
Florence County	169,990,005	36.50%	62,046,352
Florence School District 1	32,060,000	45.16%	14,478,296
Total Overlapping Debt	<u>\$202,050,005</u>		<u>\$76,524,648</u>
 Total Direct & Overlapping Debt	 <u><u>\$272,926,849</u></u>		 <u><u>\$147,401,492</u></u>

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

(2) Source: Florence County Finance Department

Table 15

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$12,071,956	\$12,198,590	\$12,726,894	\$12,760,578	\$12,702,532	\$12,808,077	\$13,153,714	\$13,637,742	\$13,727,493	\$13,842,104
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>5,345,000</u>	<u>4,660,930</u>	<u>4,352,686</u>	<u>4,028,474</u>	<u>3,712,674</u>	<u>10,123,079</u>	<u>7,778,525</u>	<u>5,302,089</u>
Legal Debt Margin	<u>\$12,071,956</u>	<u>\$12,198,590</u>	<u>\$7,381,894</u>	<u>\$8,099,648</u>	<u>\$8,349,846</u>	<u>\$8,779,603</u>	<u>\$9,441,040</u>	<u>\$3,514,663</u>	<u>\$5,948,968</u>	<u>\$8,540,015</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	42.00%	36.53%	34.27%	31.45%	28.23%	74.23%	56.66%	38.30%

Legal Debt Margin Calculation for Fiscal Year 2018

Taxable Assessed Value - 2017 Levy	\$168,125,347
Add back: exempt real property	<u>4,900,954</u>
Total Assessed Value	<u>\$173,026,301</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$13,842,104
Debt applicable to limit:	
Total Bonded Debt	\$6,046,942
Less Amounts Available in Debt Service Fund	<u>(744,853)</u>
Less Deductions Allowed by Law	
Total Net Debt Applicable to Limit	<u>5,302,089</u>
Legal Debt Margin	<u>\$8,540,015</u>

CITY OF FLORENCE, SOUTH CAROLINA
REVENUE BOND COVERAGE - COMBINED WATER AND SEWER UTILITY 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	
2009	\$ 26,712,674	\$ 12,292,031	\$ 14,420,643	\$ 3,341,252	\$ 2,650,041	\$ 5,991,293	2.41
2010	29,199,368	12,087,177	17,112,191	3,447,196	2,497,453	5,944,649	2.88
2011	30,665,248	11,751,584	18,913,664	1,973,833	4,923,927	6,897,760	2.74
2012	31,924,606	12,279,922	19,644,684	3,879,607	6,082,235	9,961,842	1.97
2013	32,422,779	12,983,988	19,438,791	3,822,469	6,136,072	9,958,541	1.95
2014	33,472,326	13,783,991	19,688,335	4,131,881	5,639,266	9,771,147	2.01
2015	34,957,530	14,353,564	20,603,966	4,800,775	5,819,375	10,620,150	1.94
2016	35,931,291	13,965,368	21,965,923	5,124,838	5,729,248	10,854,086	2.02
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

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

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

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

(4) The City's Waterworks & Sewerage System Bond Ordinance requires that annual Net Earnings be equal to at least 100% of debt service requirements for all Junior Lien Bonds. Debt service requirements for FY 2015-16 for the \$6,111,310.18 Waterworks & Sewerage System Junior Lien Revenue Bond of the City of Florence, SC dated January 9, 2014, and amended on May 12, 2014, was \$214,724. Debt service requirements for FY 2015-16 for the \$12,936,000 Tax Increment Revenue Bond, which is additionally secured by a junior lien pledge of Waterworks & Sewerage System revenues, was \$393,254 in interest only payments. Net earnings of the system exceed the debt service requirement amounts described above required by the City's Waterworks & Sewerage System Bond Ordinance. Debt service on these junior lien debts is not included under Debt Service Requirements in the above table.

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

Fiscal Year	Population⁽¹⁾	Personal Income (in millions)⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2009	32,180	\$6,528	\$30,542	15,783	12.1%
2010	37,056	6,546	31,883	16,017	11.0
2011	37,614	6,889	33,491	16,081	11.6
2012	37,801	7,099	33,749	16,176	10.2
2013	37,774	7,146	34,320	16,305	9.9
2014	37,963	7,292	34,864	16,579	7.4
2015	37,894	7,526	36,471	16,694	7.5
2016	37,780	7,654	37,158	15,846	5.4
2017	37,778	*	*	16,304	4.5
2018	38,155	*	*	16,500	3.1

* Information not yet available

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Revenue and Fiscal Affairs Office or City of Florence Finance Department.

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

(3) Florence School District One use for prior year

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽¹⁾</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment⁽²⁾</u>
McLeod Regional Medical Center	5,696	1	31.2%	3,151	1	23.3%
Florence School District One	2,306	2	12.6	1,718	2	12.7
Carolinas Hospital System	1,467	3	8.0	1,640	3	12.1
The Assurant Group	1,176	4	6.4	675	6	5.0
Administrators/TRICARE (BCBS)	987	5	5.4	1,640	4	12.1
Florence County	840	6	4.6	898	5	6.6
Nightingales Nursing Services	695	7	3.8	-	-	-
Wal-Mart	629	8	3.4	620	7	4.6
City of Florence	565	9	3.1	433	9	3.2
Florence Co. Disabilities & Spec. Needs	513	10	2.8	350	10	2.6
SC DHEC				600	8	4.4

(1) Total employment for June 2018: 18,256

(2) Total employment for June 2009: 13,512

Table 19

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

Customer	Type of Business	2018			2009		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Johnson Controls	Manufacturing	1	\$ 324,139	1.89%	1	\$ 164,099	1.25%
McLeod Regional Medical Center	Medical Services	2	316,805	1.84	2	157,597	1.20
Florence School District 1	School	3	199,841	1.16			
Thermo Fisher Scientific	Manufacturing	4	169,857	0.99	4	79,997	0.61
Francis Marion University	University	5	169,357	0.99	3	143,086	1.09
Ruiz Foods	Manufacturing	6	165,537	0.96			
Florence County	County Government	7	105,102	0.61			
Carolinas Hospital System	Medical Services	8	79,722	0.46	5	75,839	0.58
Forest Lake Apartments	Apartments	9	76,077	0.44			
Institution Food House (IFH)	Manufacturing	10	62,312	0.36	9	61,805	0.47
PET Dairy	Manufacturing				6	71,593	0.55
McDonalds	Restraunt				7	70,088	0.53
Rental Uniforms	Industrial				8	68,283	0.52
Days Inn	Hotel				10	58,846	0.45
TOTALS			<u>\$1,668,748</u>	<u>9.71%</u>		<u>\$ 951,233</u>	<u>7.25%</u>

2018 Total Billed Revenue: \$17,190,231

2009 Total Billed Revenue: \$13,121,703

Table 20

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

Customer	Type of Business	2018			2009		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$330,864	1.72%	2	\$198,831	1.61%
Koppers	Manufacturing	2	270,248	1.41	1	354,069	2.87
Francis Marion University	University	3	262,453	1.37	3	186,021	1.51
Florence School District One	School	4	255,684	1.33			
Ruiz Foods	Manufacturing	5	252,349	1.31			
Johnson Controls	Manufacturing	6	201,879	1.05	8	86,382	0.70
Thermo Fisher Scientific	Manufacturing	7	197,694	1.03	10	75,434	0.61
Darlington County Water	Government	8	170,388	0.89	7	104,280	0.85
Forest Lake Apartments	Apartments	9	122,177	0.64			
Florence County	Government	10	98,548	0.51			
PET Dairy	Manufacturing				4	140,016	1.13
ESAB	Manufacturing				5	130,836	1.06
Rental Uniforms	Industrial				6	109,431	0.89
Carolina Hospital Systems	Medical Services				9	81,525	0.66
TOTALS			<u>\$2,162,285</u>	<u>11.26%</u>		<u>\$1,466,825</u>	<u>11.89%</u>

2018 Total Billed Revenues: \$19,209,820

2009 Total Billed Revenues: \$12,340,783

Table 21

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014 ⁽¹⁾	2015	2016	2017	2018 ⁽²⁾
Water Customers:										
Residential	27,139	27,299	27,333	27,561	27,760	28,740	28,920	29,088	29,064	28,321
Commercial	2,958	2,983	2,977	3,006	3,027	3,139	3,136	3,149	3,289	3,540
Industrial	7	5	3	2	2	2	2	2	2	2
Total	<u>30,104</u>	<u>30,287</u>	<u>30,313</u>	<u>30,569</u>	<u>30,789</u>	<u>31,881</u>	<u>32,058</u>	<u>32,239</u>	<u>32,355</u>	<u>31,863</u>
Sewer Customers:										
Residential	17,143	17,340	17,344	17,517	17,689	18,648	18,808	18,991	18,976	18,368
Commercial	2,234	2,241	2,228	2,263	2,275	2,368	2,348	2,360	2,466	2,390
Industrial	7	6	5	4	4	4	4	2	2	2
Total	<u>19,384</u>	<u>19,587</u>	<u>19,577</u>	<u>19,784</u>	<u>19,968</u>	<u>21,020</u>	<u>21,160</u>	<u>21,353</u>	<u>21,444</u>	<u>20,760</u>

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

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

Table 22

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 11.77	\$ 12.47	\$ 12.00	\$ 12.25	\$ 12.50	\$ 12.75	\$ 13.00	\$ 13.25	\$ 13.50	\$ 13.75
1"	17.94	19.01	25.50	26.05	26.60	27.15	37.70	28.25	28.80	29.35
1 1/4"	19.47	20.63	36.75	37.55	38.35	39.15	39.95	40.75	41.55	42.35
1 1/2"	34.90	36.99	48.00	49.05	50.10	51.15	52.20	53.25	54.30	55.35
2"	58.79	62.31	75.00	76.65	78.30	79.95	81.60	83.25	84.90	86.55
3"	127.39	135.03	147.00	150.25	153.50	156.75	159.90	163.25	166.50	169.75
4"	222.96	236.33	228.00	233.05	238.10	243.15	248.20	253.25	258.30	263.35
6"	496.59	526.38	453.00	463.05	470.10	480.15	493.20	503.25	513.30	523.35
8"	879.68	932.46	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35
Volume Rate (per 1,000 gallons)	1.64	1.74	1.75	1.79	1.83	1.87	1.91	1.95	1.99	2.03
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	16.51	18.00	17.40	17.77	18.14	18.51	18.88	19.25	19.62	19.99
1"	26.29	28.66	39.00	39.85	40.70	41.55	42.40	43.25	44.10	64.94
1 1/4"	28.73	31.32	57.00	58.25	59.50	60.75	62.00	63.25	64.50	86.55
1 1/2"	53.18	57.97	75.00	76.65	78.30	79.95	81.60	83.25	84.90	136.47
2"	91.09	99.29	118.20	120.81	123.42	126.03	128.64	131.25	133.86	136.47
3"	199.89	217.88	233.40	238.57	243.74	248.91	254.08	259.25	264.42	269.59
4"	351.49	383.13	363.00	371.05	379.10	387.15	395.20	403.25	411.30	419.35
6"	785.49	856.19	723.00	739.05	755.10	771.15	787.20	803.25	819.30	835.35
8"	1,393.09	1,518.47	1,153.00	1,180.65	1,206.30	1,231.95	1,257.60	1,283.25	1,308.90	1,334.44
Volume Rate (per 1,000 gallons)	2.61	2.84	2.80	2.86	2.93	2.99	3.06	3.12	3.18	3.25

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

Table 23

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Minimum Rates ⁽¹⁾										
Inside City Rates										
3/4"	\$ 19.38	\$ 20.54	\$ 20.60	\$ 21.20	\$ 21.85	\$ 22.50	\$ 23.15	\$ 23.85	\$ 24.55	\$ 25.30
1"	31.04	32.90	46.85	48.20	50.68	51.15	52.63	54.23	55.83	57.55
1 1/4"	33.95	35.99	68.73	70.70	72.86	75.03	77.19	79.54	81.89	141.98
1 1/2"	63.09	66.88	90.60	93.20	96.05	98.90	101.75	104.85	107.95	111.30
2"	108.28	114.78	143.10	147.20	151.70	156.20	167.70	165.60	170.50	175.80
3"	237.97	252.25	283.10	291.20	300.10	309.00	317.90	327.60	337.30	347.80
4"	419.02	444.16	440.60	453.20	467.05	480.90	494.75	509.85	524.95	541.30
6"	936.02	992.18	878.10	903.20	930.80	958.40	986.00	1,016.10	1,046.20	1,078.80
8"	1,660.30	1,759.95	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80
Volume Rate (per 1,000 gallons)	2.01	2.13	2.48	2.55	2.63	2.71	2.79	2.87	2.96	3.05
Minimum Rates ⁽¹⁾										
Outside City Rates										
3/4"	28.19	30.73	31.10	32.00	32.98	33.96	34.94	36.00	37.06	38.20
1"	46.68	50.88	73.10	75.20	77.51	79.80	82.11	84.61	87.11	89.80
1 1/4"	51.30	55.92	108.11	111.20	114.60	118.01	121.40	125.10	128.80	132.81
1 1/2"	97.52	106.30	143.10	147.20	151.70	156.20	160.70	165.60	170.50	175.80
2"	169.18	184.41	227.10	233.60	240.74	247.88	255.02	262.60	270.58	279.00
3"	374.91	408.66	451.10	464.00	478.18	492.36	506.54	522.00	537.46	554.20
4"	661.52	721.06	703.10	723.20	745.30	767.40	789.50	813.60	837.70	863.80
6"	1,482.09	1,615.48	1,403.10	1,443.20	1,487.30	1,531.40	1,575.50	1,623.60	1,671.70	1,723.80
8"	2,630.88	2,867.66	2,243.10	2,307.20	2,448.10	2,448.20	2,518.70	2,595.60	2,672.50	2,755.80
Volume Rate (per 1,000 gallons)	2.93	3.19	3.48	3.97	4.08	4.21	4.34	4.46	4.59	4.88

(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⁾									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government Admin.	12	12	13	14	12	12	11	11	11	12
Finance Department	10	10	10	10	9	9	9	9	9	9
Personnel Department	5	5	5	6	6	5	6	6	6	6
Community Services Department	8	8	8	8	8	8	5	5	5	6
Public Safety										
Police	140	143	153	153	154	146	150	149	149	137
Fire	71	72	85	85	85	86	85	85	85	86
Total Public Safety	211	215	238	238	239	232	235	234	234	223
Public Works Department										
Streets and Beautification	30	30	30	30	36	50	50	50	50	51
Sanitation	27	27	27	27	27	27	27	27	27	26
Equipment Maintenance	7	7	7	7	7	7	7	7	7	7
Total Public Works	64	64	64	64	70	84	84	84	84	84
Parks and Recreation	39	39	41	41	41	26	26	27	27	32
Urban Planning & Development	8	8	8	7	5	4	4	4	4	5
Buildings Inspections & Permits ⁽²⁾	0	0	0	0	0	0	0	0	0	5
Water and Sewer	117	118	119	120	122	118	120	121	127	128
Stormwater	11	10	9	9	9	8	8	8	8	8
Total Employees	485	489	515	517	521	506	508	509	515	518

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018⁽¹⁾
Police										
Physical Arrests	3,787	3,633	2,740	2,965	3,570	3,386	3,009	4,448	3,566	3,847
Traffic Violations	8,692	8,775	12,697	7,728	7,923	6,693	9,758	7,454	9,578	9,181
Parking Violations	924	770	546	514	430	355	148	355	292	218
Fire										
Calls Answered	2,177	2,565	2,709	2,492	2,557	2,520	2,923	3,131	3,215	3,279
Inspections	1,286	1,040	1,797	1,992	1,735	1,744	1,341	1,595	1,281	1,462
Water System										
Service Connections	30,240	30,814	30,396	30,546	30,789	31,949	32,179	32,239	32,355	31,861
Average daily production (in millions of gallons)	13.00	13.00	13.00	13.00	12.17	12.65	13.62	12.50	13.20	13.20
Maximum daily capacity (in millions of gallons)	37.00	26.00	26.00	26.00	25.60	26.46	26.46	26.46	26.50	26.50
Wastewater System										
Service connections	19,530	19,954	19,641	19,780	19,954	21,070	21,259	21,353	21,444	20,758
Average daily treatment (in millions of gallons)	11.00	12.00	10.00	8.50	8.63	12.21	11.14	11.27	12.06	12.06
Maximum daily capacity (in millions of gallons)	18.00	18.00	18.00	18.00	18.00	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	3	2	3	3	3	2	2	2	2
Resource Centers	4	6	9	5	6	4	3	4	4	3
Patrol units	135	100	133	159	165	168	164	159	159	158
Fire Stations	4	4	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (in miles) ⁽¹⁾	283	283	96	97	99	103	103	103	112	114
Streetlights (Leased)	6,235	6,375	6,670	6,722	6,722	6,756	6,996	7,121	7,389	7,490
Culture and Recreation										
Community centers	4	4	6	6	4	5	5	5	5	5
Parks	17	19	19	19	18	18	18	19	19	19
Park acreage	624	660	660	660	655	655	655	669	669	706
Tennis courts	24	48	54	50	49	50	50	50	50	50
Water System										
Water mains (in miles)	718	718	724	733	748	796	806	841	843	844
Fire hydrants	2,334	2,213	2,229	2,259	2,317	2,547	2,577	2,666	2,733	2,750
Wastewater System										
Sanitary sewers (in miles)	388	425	448	456	462	507	507	507	507	508
Treatment plants	1	1	1	1	1	2	2	2	2	2
Stormwater System										
Storm sewers (in miles) ⁽²⁾	115	115	75	76	76	76	76	77	77	77

Source: Various City departments.

(1) Prior to 2011 the streets information reported represented the total number of street miles located within the City. Beginning in 2011, the streets information reported represents the miles of streets owned by the City of Florence.

(2) Prior to 2011 the storm drains information reported represented the total number of miles within the City. Beginning in 2011, the storm drains information reported represents the miles of storm drains owned by the City of Florence.

**CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30 2018**

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Employees	518
Area in square miles	22.74
 Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,512
Education	
Number of elementary schools	14
Number of elementary school instructors	606
Number of secondary schools	8
Number of secondary school instructors	602
 Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	897
 Other data	
Business Licenses issued for fiscal year 2017-2018	3,959
New Business Licenses issued for fiscal year 2017-2018	672
Business License Receipts	\$ 9,440,720
Percent change in Business License receipts from prior year	0.04%
Franchise Fee Receipts	\$ 4,716,976
Percent change in Franchise Fee receipts from prior year	30.60%
Population (estimated population)	38,155
City of Florence gross retail sales for calendar year 2017.	\$ 2,452,853,394
Per Capita spending for calendar year 2017	\$ 64,287
Outstanding General Obligation Debt	\$ 12,135,572
Outstanding Revenue Debt	\$ 152,602,664
City of Florence Bond Rating	
Moody's Investor's Service	Aa2
Standard and Poor's	AA-
Residential construction permits issued	651
Construction value	\$ 48,240,723
Commercial construction permits issued	159
Construction value	\$ 98,881,406

SINGLE AUDIT SECTION

BURCH, OXNER, SEALE CO.
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor
City of Florence, South Carolina

Report on Compliance for Each Major Federal Program

We have audited City of Florence, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Florence, South Carolina's major federal programs for the year ended June 30, 2018. City of Florence, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Florence, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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



Florence, South Carolina

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

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	\$ 28,537	\$ 311,858
Total Direct Department of Housing and Urban Development			<u>28,537</u>	<u>311,858</u>
Passed through S.C. State Housing Finance and Development Authority				
Neighborhood Stabilization Program	14.228	08-NSP-116	-	24,616
Neighborhood Stabilization Program	14.228	11-NSP-116	-	187,464
Subtotal CFDA 14.228			<u>-</u>	<u>212,080</u>
Total Department of Housing and Urban Development			<u>28,537</u>	<u>523,938</u>
U.S. Environmental Protection Agency				
Passed through S.C. Department of Health and Environmental Control				
Capitalization Grants for Clean Water State Revolving Funds	66.458	X1-200-17-378-24		1,913,998
Capitalization Grants for Drinking Water State Revolving Fund	66.468	3-077-16-2110001-03	-	2,109,279
Total Environmental Protection Agency			<u>-</u>	<u>4,023,277</u>
Total Expenditures of Federal Awards			<u>\$ 28,537</u>	<u>\$ 4,547,215</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, 2018

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, 2018, the City had the following outstanding loans:

	<u>CFDA #</u>	<u>Amount</u>
U.S. Environmental Protection Agency		
Timmonsville Water System Rehabilitation	66.468	2,109,279
Timmonsville Sewer System Rehabilitation - Phase 2	66.458	<u>1,913,998</u>
Total Environmental Protection Agency		<u>4,023,277</u>
Total Loans Outstanding		<u>\$ 4,023,277</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	\$ 28,537

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the basic financial statements of City of Florence, South Carolina were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the basic financial statements of City of Florence, South Carolina, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for City of Florence, South Carolina expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs include: Capitalization Grants for Clean Water State Revolving Funds - CFDA No. 66.458 and Neighborhood Stabilization Program - CFDA No. 14.228.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Florence, South Carolina was determined to be a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

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

None

City of Florence, South Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

None

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

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, 2018, 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 22, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina