

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

*CITY OF MANNING,
SOUTH CAROLINA*

June 30, 2022

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June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council of
City of Manning, South Carolina

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manning, South Carolina (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules, and OPEB plan schedules on pages 4-8, 54-55, 56-59, and 60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Schedule I through Schedule VIII, as defined in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule I through Schedule VIII, as defined in the table of contents are the responsibility of management and was derived from and relates 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 accompanying Schedule I through Schedule VIII, as defined in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the City'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 solely 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 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's internal control over financial reporting and compliance.

Columbia, South Carolina
December 20, 2022

The Holla Group, P.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Our discussion and analysis of the City of Manning, South Carolina's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2022. This report should be reviewed in conjunction with City's financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

Due to this year's operations, the City's total net position is as follows: Total net position of business-type (enterprise) activities was \$20,829,923 and net position for governmental activities was \$6,269,549.

- The 2021-2022 year's expenses total for governmental activities was \$2,626,524 (which includes other post-employment benefits recovery of \$2,860,082) as compared to \$5,569,467 in the previous year. In the previous year, expenses for business-type activities were \$3,362,326 compared to \$2,489,134 for 2021-2022. Governmental Activities had a decrease in the cost of providing those services to the community during fiscal year 2022 of \$2,942,943. Business Type Activities had a decrease in cost of providing services to the community during fiscal year 2022 of \$873,192.
- For governmental activities, total revenues in 2021-2022 were \$6,802,699 (including \$150,000 of other financing source from the Utility Fund). For business-type activities (enterprise), City revenues were \$3,154,672.
- City total revenues for the 2021-2022 year were \$9,957,371 as compared to \$9,480,900 for the previous year.
- The annual cost of all City programs was \$5,115,658. The previous year's cost was \$8,931,793. This represents a decrease in cost of \$3,816,135. This decrease is mostly due to the other post-employment benefit recovery of \$2,860,082, as well as, not having as many ongoing projects as compared to prior year.
- The Council approved adjustments to the other post-employment benefits plan (OPEB) provided to City employees who meet certain requirements. The City had an actuary perform an analysis over the OPEB program with the adjusted requirements. Based on the actuary report the City's OPEB liability for 2021-2022 was \$1,574,636 compared to \$5,204,449 for fiscal year 2021. The City had deferred inflows of \$7,726 and deferred outflows of \$595,951 for fiscal year 2022.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term, as well as, what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole in a way that helps answer this question. These statements include all

assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position—the difference between assets and liabilities—is a way to measure the financial health and financial position of the City. Over time, increases and decreases in the City's net position are one indicator, other than non-financial factors, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are separated into two types of activities:

- 1) **Governmental Activities:** The City's basic services are accounted for in this section, including administration, fire, police, and public works. These activities are financed by property taxes, franchise fees and state and federal grants.
- 2) **Business-Type Activities:** These activities include services for which the City charges fees. The City of Manning's business-type activity is an enterprise fund for the Water and Wastewater services that are provided to citizens in and outside of city limits.

Reporting the City's Most Significant Funds Fund Financial Statement

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council established many other funds or accounts to help it control and manage money for particular purposes (like the Capital Additions and Reserve and Replacement Reserve accounts) or to show it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from State and Federal Government). The City's two fund categories – governmental and proprietary – use different accounting approaches.

- **Government Funds**—Most of the City's basic services are reported in government funds, which focus on how money flows into and out of those funds and the balance left at year- end that are available for spending. These funds are reported using an accounting method called modified accrual accounting and a current financial resources measurement focus, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We illustrate the relationship (or difference) between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the government funds with reconciliation. The governmental fund statements include a budgetary comparison for the primary government fund –the general fund. This comparison shows the City's ability to adopt and comply with yearly budgets.
- **Proprietary Fund**—When the City charges customers for the services it provides, these services are generally reported in the proprietary fund. Proprietary fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

The City's combined net position after liabilities for the 2021-2022 year were \$27,099,472 as compared to the restated balance of \$22,257,759 on June 30, 2021. A prior period adjustment was made to reduce the beginning net position for the implementation of GASB 87, Leases, for \$100,479. Net position must be reviewed separately for governmental and business-like activities. The City's net position for governmental activities after liabilities was \$6,269,549 for the year 2021-2022, as compared to the restated balance of \$2,093,374 for the year 2020-2021. The City's net position for business-type activities was \$20,829,923 compared to the restated balance of \$20,164,385 in the previous year. The City's total unrestricted net position was \$6,695,737 on June 30, 2022, as compared to \$1,837,078 for the year 2020-2021. Further detailed information on the prior period adjustment can be found in the notes to the financial statements.

GOVERNMENTAL FUNDS

The revenues for the governmental funds for the year 2021-2022 were \$6,631,137, as compared to \$5,600,658 in 2020-2021. The total expenditures for governmental funds before other financing sources for the year 2021-2022 were \$5,642,491 as compared to \$5,068,653 for the previous year.

The other financing sources for Governmental Funds includes \$150,000 for the year 2021-2022. This represents a \$150,000 transfer from the Utility (Enterprise) Fund to cover the overhead and other non-direct expenses incurred in the production of Water and Wastewater services to the citizens of Manning. Other financing sources also include insurance proceeds of \$21,565. After accounting for other financing sources, the City's net change in governmental fund balances was \$1,160,211 for the year 2021-2022.

The table below illustrates the breakdown of expenditures by department for government funds in 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, and 2021-2022.

Expenditures by Department							
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
General Government	\$1,049,190	\$1,117,728	\$1,116,147	\$1,164,595	\$1,203,682	\$1,262,170	\$1,204,726
Public Safety	\$1,891,621	\$2,019,537	\$2,190,458	\$2,115,651	\$2,293,554	\$2,245,195	\$2,493,862
Public Works	\$1,229,822	\$1,243,489	\$1,304,892	\$1,323,063	\$1,299,353	\$1,241,363	\$1,436,854

The total beginning fund balance for the governmental funds was \$6,774,740. The total ending fund balance for the governmental funds was \$7,934,951. There was a \$1,160,211 increase in the total fund balance for governmental funds. This increase was the receipt of the American Rescue Plan funds of \$968,804 during the fiscal year 2022.

BUSINESS-TYPE ACTIVITIES

The total operating revenues for the business-type activities for the year 2021-2022 were \$3,244,846 compared to \$3,191,484 in 2020-2021. The total operating expenses for business-type activities for the year 2021-2022 were \$2,118,558 as compared to \$2,984,275 for the previous year. There was an excess of operating revenues over operating expenditures of \$1,126,288 due to ongoing efforts to monitor costs and not having as many ongoing projects as compared to prior years.

The beginning cash and cash equivalents for the business-type activities fund was \$5,054,818. The ending cash and cash equivalents for the business-type activities fund was \$5,469,058. There was an increase of \$414,240 in the cash and cash equivalents for business-type activities. This increase was attributable to not having as many ongoing project as compared to previous years, which decrease expenses for fiscal year 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City had \$56,439,449 invested in capital assets including police and fire equipment and vehicles, buildings, land, recreation facilities, water and sewer lines, water tanks and wells, and the wastewater treatment facility (Note G). The City spent \$741,006 on capital acquisitions during 2021-2022. Below is a breakdown of the City's capital assets.

Function and Activity	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
General Government	\$ 2,255,603	\$ 174,696		\$ 2,430,299
Public Safety	3,727,034	222,053	\$ (23,327)	3,925,760
Public Works	2,063,248	11,194		2,074,442
Water and Sewer Fund	47,675,885	333,063		48,008,948
Total	\$ 55,721,770	\$ 741,006	\$ (23,327)	\$ 56,439,449

Debt Management

As of June 30, 2022, the City had \$17,376,440 (\$489,223 current and \$16,887,217 long term) in outstanding long-term debt compared to \$17,854,879 last year. This represents a decrease of \$478,439. Other long-term liabilities of the City include accrued compensated absences and other employment related benefits totaling \$157,038, a net pension liability totaling \$4,855,723, a net OPEB liability of \$1,574,636, and a lease liability for operating leases and police cars of \$1,046,729 (\$58,965 current and \$987,764 long term) as of June 30, 2022. Further detailed information can be found in the notes to the financial statements.

ECONOMIC ISSUES

The City continues to maintain an adequate fund balance based on guidelines established by various statutes and professional organizations. The City anticipates sales and use taxes to remain stable; as well as real and personal property taxes.

The business-type activities fund should remain stable. There is no significant increase in fund balance budgeted, while still maintaining adequate reserves in the capital asset and repair and replacement accounts.

The City received proceeds from the Coronavirus State and local Fiscal Recovery Funds of \$968,804 during fiscal year 2022. Subsequent to year end the city received the remaining funds of \$968,804. The City used \$439,673 for eligible expenses during fiscal year 2022. The remaining funds will be used will be used for eligible expenses as outlined by the US Treasury in the American Recovery Plan.

CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. This report summarizes the City's financial status as of June 30, 2022. If you have any questions regarding this report or need additional financial information, contact the Office of the City Administrator at 29 West Boyce Street Manning, SC 29102 or by telephone at (803) 435-8477 extension 5115 or by email at stanner@cityofmanning.org.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 6,773,530	\$ 5,373,937	\$ 12,147,467
Accounts receivable			
Customer accounts, net	159,302	202,478	361,780
Other	82,431	1,622	84,053
Taxes receivable	242,007		242,007
Lease receivable, current portion	23,315		23,315
Internal balances	486,363	(486,363)	0
Prepaid expense	21,200	17,180	38,380
Due from other governments	57,551		57,551
Other assets	2,000		2,000
Restricted assets			
Cash and cash equivalents	112,144	95,121	207,265
Cash investments - certificates of deposit	255,191	1,532,664	1,787,855
Total Current Assets	8,215,034	6,736,639	14,951,673
Noncurrent Assets			
Lease receivable, net of current portion	47,435		47,435
Right to use lease assets, net	592,669	364,391	957,060
Capital assets, net	3,700,580	32,166,737	35,867,317
Total Noncurrent Assets	4,340,684	32,531,128	36,871,812
Total Assets	12,555,718	39,267,767	51,823,485
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	893,146	219,038	1,112,184
Deferred other post employment benefit charges	470,801	125,150	595,951
Total Deferred Outflows of Resources	1,363,947	344,188	1,708,135

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET POSITION - Continued
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	186,992	67,753	254,745
Police fines escrow payable	69,451		69,451
Security deposits	325		325
Accrued interest payable	24,736	9,776	34,512
Long-term liabilities due within a year			
Lease liability	39,245	19,720	58,965
Revenue bonds payable	11,809	477,414	489,223
Total Current Liabilities	332,558	574,663	907,221
Noncurrent Liabilities			
Lease liability	601,965	385,799	987,764
Revenue bonds payable	796,835	16,090,382	16,887,217
Net pension liability	3,677,883	1,177,840	4,855,723
Net OPEB obligations	1,243,962	330,674	1,574,636
Compensated absences and other employment related benefits	127,415	29,623	157,038
Total Liabilities	6,780,618	18,588,981	25,369,599
DEFERRED INFLOWS OF RESOURCES			
Unearned lease revenue	70,750		70,750
Deferred pension credits	792,644	191,429	984,073
Deferred other post employment benefit credits	6,104	1,622	7,726
Total Deferred Inflows of Resources	869,498	193,051	1,062,549
NET POSITION			
Net investment in capital assets	2,818,659	15,943,612	18,762,271
Restricted for			
Cemetery fencing and perpetual care	13,237		13,237
Fire services	13,721		13,721
Police fines and fees	15,734		15,734
Victim's rights	72,653		72,653
Disaster relief	7,534		7,534
Capital projects		95,121	95,121
Debt service	255,191	1,532,664	1,787,855
Unrestricted	3,072,820	3,258,526	6,331,346
TOTAL NET POSITION	\$ 6,269,549	\$ 20,829,923	\$ 27,099,472

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Program Revenue			Net (Expense) Revenue and Changes to Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities						
General government	\$ 1,321,229	\$	\$ 17,341		\$ (1,303,888)	\$ (1,303,888)
Public safety	2,628,534	\$ 53,327	1,022,448		(1,552,759)	(1,552,759)
Public works	1,536,843		12,850	\$ 86,302	(1,437,691)	(1,437,691)
Other post employment benefits recovery	(2,860,082)				2,860,082	2,860,082
Total Governmental Activities	2,626,524	53,327	1,052,639	86,302	(1,434,256)	0
Business-Type Activities						
Water and sewer system	2,489,134	3,244,846				755,712
Total Primary Government	\$ 5,115,658	\$ 3,298,173	\$ 1,052,639	\$ 86,302	(1,434,256)	755,712
						(678,544)
General Revenues						
Taxes:						
Property taxes					1,697,744	1,697,744
Local option sales tax					1,218,082	1,218,082
Solid waste tax					499,621	499,621
Accommodations tax					12,249	12,249
Licenses, permits and franchise fees					1,538,957	1,538,957
State aid to subdivisions					417,535	417,535
Investment income					25,811	54,521
City Hall rent					23,848	23,848
Insurance proceeds					21,565	21,565
Miscellaneous					5,019	31,116
Transfers in (out)					150,000	(150,000)
Total General Revenues					5,610,431	(90,174)
						5,520,257
Change in Net Position						
					4,176,175	665,538
						4,841,713
Net position at beginning of year, as previously stated						
Prior period adjustment					2,153,662	20,204,576
Net position at beginning of year, as restated					(60,288)	(40,191)
					2,093,374	20,164,385
						22,257,759
Net Position at End of Year						
					\$ 6,269,549	\$ 20,829,923
						\$ 27,099,472

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,689,503	\$ 84,027	\$ 6,773,530
Accounts receivable			
Customer accounts, net	159,302		159,302
Other	81,575	856	82,431
Taxes receivable	242,007		242,007
Lease receivable	70,750		70,750
Prepaid expense	21,200		21,200
Due from other governments	57,551		57,551
Due from other funds	491,059		491,059
Other assets	2,000		2,000
Restricted assets			
Cash and cash equivalents	112,144		112,144
Cash investments - certificates of deposit	255,191		255,191
TOTAL ASSETS	<u>\$ 8,182,282</u>	<u>\$ 84,883</u>	<u>\$ 8,267,165</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 186,992		\$ 186,992
Police fines escrow payable	69,451		69,451
Security deposits	325		325
Due to other funds		\$ 4,696	4,696
Total Liabilities	<u>256,768</u>	<u>4,696</u>	<u>261,464</u>
Deferred Inflows of Resources			
Leases	70,750		70,750
Fund Balances			
Restricted	297,883	80,187	378,070
Nonspendable	21,200		21,200
Unassigned	7,535,681		7,535,681
Total Fund Balances	<u>7,854,764</u>	<u>80,187</u>	<u>7,934,951</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES	<u>\$ 8,182,282</u>	<u>\$ 84,883</u>	<u>\$ 8,267,165</u>

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

Total Fund Balances of the Governmental Funds	\$	7,934,951
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Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds.	3,700,580
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Right to use leased assets, net of amortization are not current financial resources and are not included in the governmental funds	592,669
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The City's proportionate shares 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.	(3,577,381)
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The City's proportionate shares of the OPEB liability and deferred outflows of resources related to its participation in the other post employment benefit plan is not recorded in the governmental funds but is recorded in the Statement of Net Position.	(779,265)
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Interest is recorded as an expenditure when due and payable in the governmental fund. Interest is recorded in the government-wide financial statements when it is due. This amount represents the amount of interest due but unpaid at year-end.	(24,736)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Lease liability	(641,210)
Revenue bonds payable	(808,644)
Compensated absences and other employment related benefits	(127,415)

Total Net Position of the Governmental Activities	\$	<u>6,269,549</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 1,697,744		\$ 1,697,744
Local options sales tax	1,218,082		1,218,082
Solid waste tax	499,621		499,621
Accommodations tax	12,249		12,249
Licenses, permits and franchise fees	1,538,957		1,538,957
State aid to subdivisions	417,535		417,535
Fines and forfeitures	47,811		47,811
Grants	1,108,106	\$ 4,000	1,112,106
Investment income	25,772	39	25,811
Assessments and surcharges		5,516	5,516
Miscellaneous	55,705		55,705
Total Revenues	6,621,582	9,555	6,631,137
Expenditures			
General government	1,204,726		1,204,726
Public safety	2,479,881	13,981	2,493,862
Public works	1,436,854		1,436,854
Debt service			
Principal	12,024		12,024
Interest and fiscal charges	36,352		36,352
Capital lease payments	50,730		50,730
Capital outlay	407,943		407,943
Total Expenditures	5,628,510	13,981	5,642,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	993,072	(4,426)	988,646
Other Financing Sources (Uses)			
Transfers in	150,000		150,000
Insurance proceeds	21,565		21,565
Total Other Financing Sources (Uses)	171,565	0	171,565
Net Change in Fund Balances	1,164,637	(4,426)	1,160,211
Fund Balances at Beginning of Year	6,690,127	84,613	6,774,740
FUND BALANCES AT END OF YEAR	\$ 7,854,764	\$ 80,187	\$ 7,934,951

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	1,160,211
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Amounts reported for governmental activities in the Statement of Activities differs from the amounts in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:

Cost of capitalized assets	407,943
Depreciation expense	(287,324)
Amortization of leases	(56,436)
	64,183

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore are not reported as expenditures in governmental funds. This activity is reconciled as follows:

Current year change in compensated absences and other employment related benefits	(6,574)
--	---------

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Related interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due.

Payments on debt	12,024
Principal lease payments	50,730
Current year change in accrued interest	1,065
	63,819

Change in the City's proportionate shares 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.

34,453

Change in the City's proportionate shares of the net OPEB obligation and deferred outflows of resources for the current year are not reported in the governmental but are reported in the Statement of Activities.

2,860,083

Change in Net Position of Governmental Activities

\$

4,176,175

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUND
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	Water and Sewer Enterprise Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,373,937
Customer accounts receivable, net	202,478
Miscellaneous receivables	1,622
Prepaid expense	17,180
Restricted assets	
Cash and cash equivalents	95,121
Cash investments - certificates of deposit	1,532,664
Total Current Assets	7,223,002
Noncurrent Assets	
Right to use leased assets, net	364,391
Capital assets, net	32,166,737
Total Assets	39,754,130
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	219,038
Deferred other post employment benefit charges	125,150
Total Deferred Outflows of Resources	344,188
LIABILITIES	
Current Liabilities	
Accounts payable	67,753
Due to general fund	486,363
Accrued interest payable	9,776
Current maturities of long-term debt	497,134
Total Current Liabilities	1,061,026
Noncurrent Liabilities	
Lease liability	385,799
Revenue bonds payable	16,090,382
Net pension liability	1,177,840
Net OPEB obligation	330,674
Compensated absences	29,623
Total Liabilities	19,075,344

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUND - Continued
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	<u>Water and Sewer Enterprise Fund</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	191,429
Deferred inflows of resources related to net OPEB liability	<u>1,622</u>
Total Deferred Inflows of Resources	193,051
NET POSITION	
Net investment in capital assets	15,943,612
Restricted for:	
Debt service	1,532,664
Capital projects	95,121
Unrestricted	<u>3,258,526</u>
TOTAL NET POSITION \$	<u><u>20,829,923</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUND
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

	Water and Sewer Enterprise Fund
Operating Revenues	
Charges and fees	\$ 3,244,846
Operating Expenses	
Salaries and related benefits	763,454
OPEB and pension expense	(673,562)
Chemicals and supplies	81,866
Permits, fees and licenses	25,226
Insurance - liability and other	125,167
Office supplies and expense	6,919
Electricity	272,490
Pump/grade sewer lines and landfill charges	3,500
Lab testing	22,819
Maintenance and repairs	183,385
Computer and equipment	4,064
Membership dues and publications	2,574
Depreciation and amortization expense	977,825
Provision for uncollectible accounts	46,568
Vehicle and equipment fuel	55,448
Training, travel and uniform expense	13,999
Telephone	29,087
Postage and billing costs	26,171
Water meters	34,322
Water and sewer line installation	21,482
Equipment service contracts	38,425
Audit and accounting services	20,312
Engineering services and fees	28,430
Building and property rental	7,131
Miscellaneous	1,456
Total Operating Expenses	2,118,558
Operating Income	1,126,288

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUND - Continued
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

	Water and Sewer Enterprise Fund
Non-operating Revenues (Expenses)	
Interest income	28,710
Interest expense	(370,576)
Other non-operating revenues	31,116
Total Non-Operating Revenues (Expenses)	(310,750)
Income Before Transfers	815,538
Transfer to general fund	(150,000)
Change in Net Position	665,538
Net position at beginning of year, as restated	20,164,385
NET POSITION AT END OF YEAR	\$ 20,829,923

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Water and Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,264,154
Payments to suppliers	(671,001)
Payments to employees	(862,716)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,730,437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating advance to general fund	(150,000)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(150,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(333,063)
Principal lease payments	(19,496)
Principal payments on revenue bonds	(466,416)
Interest paid on revenue bonds	(368,359)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,187,334)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on demand accounts and certificates of deposit	21,137
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,137
NET CHANGE IN CASH AND CASH EQUIVALENTS	414,240
Cash and cash equivalents at beginning of year	5,054,818
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,469,058
COMPONENTS	
Unrestricted cash and cash equivalents	\$ 5,373,937
Restricted cash and cash equivalents	95,121
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,469,058

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - Continued
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Water and Sewer Enterprise Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,126,288
Nonoperating revenue	31,116
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization expense	977,825
Changes in assets and liabilities:	
Increase in customer receivables	(16,216)
Decrease in due from federal sources	39,047
Decrease in miscellaneous receivables	11,930
Decrease in prepaid expense	1,043
Increase in deferred pension charges	(1,193)
Increase in other post employment benefit charges	(2,460)
Decrease in accounts payable	(18,566)
Increase in due to general fund	350,794
Increase in deferred pension credits	151,400
Increase in deferred OPEB credits	1,622
Decrease in net pension liability	(137,669)
Decrease in OPEB obligation	(784,565)
Increase in compensated absences	41
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,730,437</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The City of Manning, South Carolina (the "City") is a municipality located in Clarendon County, South Carolina and operates within the defined city limits. The Mayor and City Council, which are elected by the City's resident electors, determine the operating policies of the City. City Council appoints the City Administrator to serve as the City's Chief Administrative Officer. The City Administrator is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees.

Summary of Significant Accounting Policies

The accounting and reporting policies of the City in the accompanying basic financial statements conform in all material respects to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The following significant accounting policies were applied in the preparation of the accompanying basic financial statements:

Basis of Accounting/Measurement Focus: The accounts of the City are organized on the basis of governmental funds and proprietary funds types, specifically enterprise funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Enterprise funds account for activities that are financed with debt that is secured solely by a pledge of net revenues from fees and charges of the activity; or that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities (including changes in net position). These statements present summaries of Governmental Activities and Business-Type Activities for the City.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term debt, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported as either charges for services, operating grants and contributions, or capital grants and contributions. Charges for services include revenues received for charges to recipients for goods or services provided by the program. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function.

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.

Governmental Fund Financial Statements

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 aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to net position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. 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. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The City reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

The water and sewer enterprise fund is used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Net Position and Fund Balances: In the Government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position for both the governmental and proprietary fund types are reported in the following three categories:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Result when constraints placed on the use of assets reduced by liabilities and deferred inflows of resources related to those assets are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Consists of the net amount of the net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The City applies expenses that can be used both for restricted and unrestricted resources against restricted resources first.

The City reports under the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding classification. The City's classifications and definitions are described on the following page:

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Nonspendable Fund Balance: Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance: Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purposes unless the City Council removes the specified use by taking the same type of action imposing the commitment.

Assigned Fund Balance: Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance: Unassigned fund balance is the residual classification for the general fund. This classification represents the general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Reconciliation of Government-Wide and Fund Financial Statement: Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position – Following the governmental fund balance sheet is a reconciliation between *fund balances - total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of these differences are explained in the above referenced financial statement.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities – Following the governmental fund statements of revenues, expenditures, and change in fund balances, there is a reconciliation between *net changes in fund balances – total governmental funds and change in net position of governmental activities* as reported in the government-wide statement of activities. The details of these differences are explained in the above referenced financial statement.

Budgets: The City Administrator submits an annual budget to the City Council in accordance with the City charter. In June of each year, the City Council adopts annual fiscal year appropriate budgets for the City's operating funds by passage of an ordinance. These funds include general government, public safety and public works. Annually appropriated budgets are also approved for the water and sewer enterprise fund. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The City Administrator is authorized to transfer budgeted amounts between departments or funds. Budgeted amounts reflected in the accompanying supplemental information represent the adopted budget and any revisions approved by Council during the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows: For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Cash and Cash Equivalents: Cash includes all amounts in demand deposits with financial institutions.

Cash Investments: State statutes authorize the City to invest in obligations of the U.S. Treasury and its agencies, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent secured by the Federal Deposit Insurance Corporation (FDIC), certificates of deposit and repurchase agreements where the certificates or agreements are collateralized by obligations of the United States or its agencies or by obligations of the State of South Carolina or any part of its political units and no load open-end or closed-end management type registered investment companies or investment trusts whose sole investments are in obligations of the U.S. Treasury and its agencies, or in obligations of the State of South Carolina or any of its political units, or in collateralized repurchase agreements.

At June 30, 2022, cash investments consist of eight certificates of deposit with maturities of six months or less.

Receivables: In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, business licenses, leases and intergovernmental revenues and grants. Business-type activities report utilities and sanitation charges as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as local option sales tax, property taxes, business licenses, leases and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the government-wide financial statements in accordance with the accrual basis. In instances in which differences between the use of the full accrual method and the modified- accrual method (i.e. 60 day rule) of revenue recognition is not considered to be material the City utilizes the modified accrual basis for both government-wide and governmental fund financial reporting where both are reasonably expected to result in similar results.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Internal and Interfund Balances and Activities: In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a) Interfund Reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- b) Interfund Transfers – flow of assets from one fund to another, where repayment is not expected, are reported as transfers.

Government-wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a) Internal Balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amount due between governmental and business-type activities, which are reported as Internal Balances.
- b) Internal Activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

Right to Use Assets: The City has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets: Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost greater than or equal to \$5,000 and have an estimated useful life in excess of three years.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Management has elected to include certain homogenous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired or that received substantial improvement subsequent to July 1, 1980, consist of curbs, gutters, sidewalks, drainage and lighting systems. These assets are reported at historical cost, net of accumulated depreciation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Tanks, Wells and Equipment	5-10
Vehicles	5
Utility Plant and Improvements	40-50
Infrastructure	40

Compensated Absences and Other Employment Related Benefits: Generally, all regular full-time employees of the City are entitled to accrue and carry forward at calendar year end a maximum of twenty-four days of annual vacation leave and eighteen weeks of sick leave. Upon termination of employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum. Vested or accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability in the government-wide financial statements. Employees are not entitled to be paid for unused sick leave upon termination; therefore, no provision has been recorded.

As of June 30, 2022, the liability for compensated absences and other employment related benefits has been recorded in the amount of \$157,038. The amount expected to be paid from current resources is not significant.

Deferred Outflows and 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 reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. The City also reports deferred OPEB charges in its Statement of Net Position in connection with its participation in a retiree health care plan.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

These deferred pension and OPEB 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 – leases. It is amortized on a straight-line bases over the term of the lease. (2) The City reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. 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. (3) The City reports deferred other pose employment benefit credits in its Statement of Net Position in connection with its participation in a retiree health care plan. These deferred OPEB credits are amortized in a systematic and rational method and recognized as a reduction of OPEB expense in future periods in accordance with GAAP.

New Accounting Pronouncement: GASB Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

NOTE B -- CASH INVESTMENTS AND CUSTODIAL CREDIT RISK

Deposits: Statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Local Government Investment Pool.

For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover collateral securities that are in possession of an outside party. The City does not have a policy regarding custodial credit risk for deposits.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE B -- CASH INVESTMENTS AND CUSTODIAL CREDIT RISK – Continued

As of June 30, 2022, the City's cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 12,354,732	\$ 12,626,429
Certificates of Deposit	1,787,855	1,787,855
TOTAL	\$ 14,142,587	\$ 14,414,284

Of the City's bank balance, \$422,053 was covered by federal depository insurance at June 30, 2022. The remaining bank balance is collateralized with securities pledged to the City and held by a financial institution.

NOTE C -- PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes are billed and collected by Clarendon County (the "County") government. Collections are remitted to the City monthly. The City considers property taxes available if they are collected within thirty days after year end. Total property taxes unpaid are not measurable by the City. Consequently, no allowance for uncollectible taxes has been recorded in the financial statements. As of June 30, 2022, property taxes receivable was \$242,007.

Clarendon County assesses real property taxes and collects all taxes for the City. The following is a description of Clarendon County's collection procedures and tax calendar.

Tax Collection Procedure: Taxes are collected on a calendar year basis. Both real and personal property taxes in the County are payable without penalty on or before January 15 of each year (except automobile taxes which, since 1981, are payable on a monthly basis).

If taxes are not paid on or before January 15, a penalty of 3% is added. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 15, a final penalty of 5% is added plus all costs incurred, and the property goes into execution. In September, properties on which taxes have not been paid are advertised for public sale for three consecutive weeks. On the first Monday in October the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and is empowered to sell as much of the defaulting taxpayer's property – real, personal, or both – as may be sufficient to satisfy the taxes.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE C -- PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR – Continued

Tax Calendar (except automobiles):

August to September	County Auditor prepares assessments from respective certifications, determines millage levies, prepares tax rolls and charges County Treasurer with collection.
October	County Treasurer levies taxes and records the revenues and receivables.
January 16	3% late penalty added.
February 2	7% additional late penalty added.
March 16	5% additional late penalty added, all incurred costs are added, and property is placed in execution.
September	Property with unpaid taxes advertised for sale.
October (first Monday)	Property sold at public auction by County Treasurer.

Automobiles and Other Personal Property: Automobiles and other personal property taxes are assessed by the County. Taxes are levied on a monthly basis. Yearly automobile tags cannot be obtained without proof that taxes have been paid.

NOTE D -- CUSTOMER ACCOUNTS RECEIVABLE

Customer accounts receivable represent billings for water and sewer use charges and sanitation services through June 30, 2022. An allowance for doubtful accounts has been provided for delinquent customers for sanitation services in the general fund and for water and sewer use charges in the utility enterprise fund.

The allowance for doubtful accounts is used to offset gross billings for sanitation and water and sewer services for customers whose balances are considered uncollectible after all collection efforts have been made by management. After a period of time of no account activity, unpaid service account balances are reported to the State under the Debt Set-Off Collection Program.

Customer accounts receivable at June 30, 2022, by fund, is as follows:

<u>General Fund</u>	
Sanitation services	\$ 314,826
Allowance for Doubtful Accounts	(155,524)
	<u>159,302</u>
<u>Enterprise Fund</u>	
Water and sewer use charges	400,155
Allowance for Doubtful Accounts	(197,677)
	<u>202,478</u>
TOTAL CUSTOMER ACCOUNTS RECEIVABLE, NET	<u>\$ 361,780</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE E -- LEASE RECEIVABLE

The City leases office space to an attorney at 411 North Brooks Street for \$2,000 per month. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.14%. The lease term ends on July 30, 2023; however, there is a renewal option for another three years thereafter. For the year ended June 30, 2022, the City recognized \$23,051 of lease revenue and \$949 of interest revenue under the lease.

NOTE F – RIGHT TO USE LEASE ASSETS

The City has recorded right to use leased assets for vehicles and building space. The right to use leases are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Right to use assets:</u>				
Leased vehicles	\$ 103,144			\$ 103,144
Leased building space	919,490			919,490
<i>Total Right to Use Assets</i>	<u>1,022,634</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,022,634</u>
Less accumulated amortization for:				
Leased vehicles	31,275	25,786		57,061
Leased building space	342,254	30,650		372,904
<i>Total Accumulated Amortization</i>	<u>373,529</u>	<u>56,436</u>	<u>0</u>	<u>429,965</u>
Governmental Activities Right to Use Assets, Net	<u>\$ 649,104</u>	<u>\$ 56,436</u>	<u>\$ 0</u>	<u>\$ 592,669</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<u>Right to use assets:</u>				
Leased building space	\$ 612,994			\$ 612,994
<i>Total Right to Use Assets</i>	<u>612,994</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>612,994</u>
Less accumulated amortization for:				
Leased building space	228,170	20,433		248,603
<i>Total Accumulated Amortization</i>	<u>228,170</u>	<u>20,433</u>	<u>0</u>	<u>248,603</u>
Business-Type Activities Right to Use Assets, Net	<u>\$ 384,824</u>	<u>\$ 20,433</u>	<u>\$ 0</u>	<u>\$ 364,391</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 133,616	\$ 127,872		\$ 261,488
Construction in progress	366,746			366,746
<i>Total Capital Assets Not Being Depreciated</i>	<u>500,362</u>	<u>127,872</u>	<u>\$ 0</u>	<u>628,234</u>
<u>Capital Assets Being Depreciated:</u>				
Infrastructure	2,165,187	3,224		2,168,411
Buildings and improvements	1,821,607			1,821,607
Furniture and equipment	1,545,470	111,868		1,657,338
Vehicles	2,013,259	164,979	(23,327)	2,154,911
<i>Total Capital Assets Being Depreciated</i>	<u>7,545,523</u>	<u>280,071</u>	<u>(23,327)</u>	<u>7,802,267</u>
Less Accumulated Depreciation For:				
Infrastructure	553,027	27,296		580,323
Buildings and improvements	1,005,793	104,210		1,110,003
Furniture and equipment	1,357,358	42,416		1,399,774
Vehicles	1,549,746	113,402	(23,327)	1,639,821
<i>Total Accumulated Depreciation</i>	<u>4,465,924</u>	<u>287,324</u>	<u>(23,327)</u>	<u>4,729,921</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>3,079,599</u>	<u>(7,233)</u>	<u>0</u>	<u>3,072,346</u>
Governmental Activities Capital Assets, Net	<u>\$3,579,961</u>	<u>\$ 120,639</u>	<u>\$ 0</u>	<u>\$ 3,700,580</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 82,043
Public Safety	158,719
Public Works	46,562
Total Depreciation Expense	<u>\$ 287,324</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE G -- CAPITAL ASSETS -- Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 322,092			\$ 322,092
<i>Total Capital Assets Not Being Depreciated</i>	<u>322,092</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>322,092</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	655,243			655,243
Waterworks and sewer system	42,226,044	8,990		42,235,034
Wells, tanks, and equipment	1,725,916	273,569		1,999,485
Water tower	2,209,714			2,209,714
Vehicles	536,876	50,504		587,380
<i>Total Capital Assets Being Depreciated</i>	<u>47,353,793</u>	<u>333,063</u>	<u>0</u>	<u>47,031,613</u>
Less Accumulated Depreciation For:				
Buildings	230,987	16,585		247,572
Waterworks and sewer system	12,272,150	800,696		13,072,846
Wells, tanks, and equipment	1,120,935	74,158		1,195,093
Water tower	797,799	44,194		841,993
Vehicles	462,948	21,759		484,707
<i>Total Accumulated Depreciation</i>	<u>14,884,819</u>	<u>957,392</u>	<u>0</u>	<u>15,842,211</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>32,468,974</u>	<u>(624,329)</u>	<u>0</u>	<u>31,844,645</u>
Business-Type Activities Capital Assets, Net	<u>\$32,791,066</u>	<u>\$ (624,329)</u>	<u>\$ 0</u>	<u>\$32,166,737</u>

NOTE H -- INTERFUND TRANSFERS AND BALANCES

Interfund Transfers: During the fiscal year ended June 30, 2022, the City budgeted and transferred \$150,000 from the enterprise fund (water/sewer utility) to the general fund. The primary reason for the transfer to the general fund was to provide reimbursement of costs associated with information technology services, and salaries and related benefits of administrative department personnel who also perform accounting, reporting and management type services for the water/sewer utility fund. Interfund transfers between the general fund and nonmajor governmental funds were to provide reimbursement of costs associated with expenditures pertaining to various operating grants.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE H -- INTERFUND TRANSFERS AND BALANCES – Continued

Interfund Balances: Interfund balances at June 30, 2022 consisted of the following:

Due to General Fund from:		
Other Nonmajor Governmental Funds – Special Revenue	\$	4,696
Due to General Fund from:		
Utility Enterprise Fund	\$	486,363

The reported balances resulted from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE I -- LONG-TERM DEBT

The following summarizes long-term debt activity of the City for the year ended June 30, 2022:

	Outstanding June 30, 2021	Additions	Retirements	Outstanding June 30, 2022	Due Within One Year
Governmental Activities					
Revenue bonds payable	\$ 820,668		\$ 12,024	\$ 808,644	\$ 11,809
Lease liability	693,352		52,142	641,210	39,245
Compensated absences	120,841	\$ 6,574		127,415	0
Total Governmental Activities	<u>\$ 1,634,861</u>	<u>\$ 6,574</u>	<u>\$ 64,166</u>	<u>\$ 1,577,269</u>	<u>\$ 51,054</u>
Business-Type Activities					
Revenue bonds payable	\$ 17,034,211		\$ 466,415	\$ 16,567,796	\$ 477,414
Lease liability	425,016		19,497	405,519	19,720
Compensated absences	29,582	\$ 41		29,623	0
Total Business-Type Activities	<u>\$ 17,488,809</u>	<u>\$ 41</u>	<u>\$ 485,912</u>	<u>\$ 17,002,938</u>	<u>\$ 497,134</u>

Revenue Bonds Payable: The City issued revenue bonds for the construction and improvement of the water and sewer system. The bonds were purchased by the U.S. Department of Agriculture – Rural Economic and Community Development Agency. Revenue bonds are collateralized primarily by the respective facilities and revenues derived from them.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE I -- LONG-TERM DEBT – Continued

The following bond issues comprise revenue bonds payable as of June 30, 2022:

2015 General Obligation Revenue Bond issued for the fire department expansion. Annual principal and interest payments of \$41,773 are due through August 2055 with interest at 3.625%.	\$ 808,644
2013 Waterworks and Sewer System Improvement Revenue Bond issued for water system improvements and extensions. Monthly principal and interest payments of \$1,103 are due through December 2053 with interest at 3.25%.	260,375
2013B Waterworks and Sewer System Improvement Revenue Bond issued for water system improvements and extensions. Monthly principal and interest payments of \$13,078 are due through December 2053 with interest at 2.5%.	3,383,065
2015A Waterworks and Sewer System Improvement Revenue Bond issued for water system improvements to the wastewater treatment plant. Monthly principal and interest payments of \$18,180 are due through March 2055 with interest at 2%.	5,214,521
2015B Waterworks and Sewer System Improvement Revenue Bond issued for water system improvements and extensions. Monthly principal and interest payments of \$16,768 are due through September 2056 with interest at 2.125%	4,873,675
2016A Waterworks and Sewer System Refunding Revenue Bonds to refund the City's Series 1994A and 1994B revenue bonds. The original proceeds were used to acquire sewer lines, a storage tank and other system improvements. Annual principal and semiannual interest payments that total \$170,766 are due through February 2028 with interest at 2.15%.	954,000
2018 Waterworks and Sewer System Improvement Revenue Bond issued for water system improvements and extensions. Monthly principal and interest payments of \$6,213 are due through July 2058 with interest at 2.125%	1,882,160
TOTAL	<u>\$ 17,376,440</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE I -- LONG-TERM DEBT -- Continued

The following is a summary of bond transactions for the year ended June 30, 2022:

Bonds payable at July 1, 2021	\$ 17,854,879
Less revenue bonds retired	(478,439)
Bonds payable at June 30, 2022	<u>\$ 17,376,440</u>

Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The bonds are secured by a pledge of revenue and a statutory lien on the waterworks and sewer system. The City is required to have sufficient funds to establish reserves for debt service, depreciation, and operation and maintenance as determined by the U.S. Department of Agriculture – Rural Economic and Community Development Agency.

Each individual bond requires the City to establish and fund monthly a debt service fund equal to ten percent of the monthly payment each month over the life of the loan until the City accumulates one annual installment. The City currently has \$830,721 in the form of certificates of deposit restricted to comply with the aforementioned debt service requirements.

The annual debt-service requirements to amortize outstanding revenue bonds as of June 30, 2022, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 489,223	\$ 388,165	\$ 877,388
2024	499,055	378,087	877,142
2025	510,571	366,259	876,830
2026	522,642	354,813	877,455
2027	533,820	343,174	876,994
2028-2032	2,144,037	1,555,938	3,699,975
2033-2037	2,212,577	1,316,808	3,529,385
2038-2042	2,476,270	1,053,115	3,529,385
2043-2047	2,772,289	757,096	3,529,385
2048-2052	3,104,742	424,643	3,529,385
2053-2057	2,028,307	98,582	2,126,889
2058-2059	82,907	927	83,834
TOTAL	<u>\$ 17,376,440</u>	<u>\$ 7,037,607</u>	<u>\$ 24,414,047</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE 1 -- LONG TERM DEBT -- Continued

Leases Obligations: The City has entered into certain lease agreements as lessee for financing four police vehicles as well as leasing the City Hall building. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The terms of the agreements are as follows:

A lease agreement for four police vehicles with lease terms from March 2020 through March 2024. An annual lease payment is required in the amount of \$27,494. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4%, which is the stated rate in the lease agreement. As a result of the lease, the City has recorded a right to use asset with a net book value of \$46,083.

A lease agreement for the building in which City Hall is located. The lease term is from May 2010 through April 2040. Monthly lease payments are due in the amount of \$5,050 and will increase to \$5,400 beginning May 2030. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.14% which is equivalent to the T-bill rate at the date of lease inception. The balances recorded in the financial statements are allocated between governmental funds and proprietary fund based on square footage at a rate of 60% and 40%, respectively. As a result of the lease, the City has recorded a right to use asset with a net book value of \$546,586 for the governmental fund and \$364,391 for the proprietary fund.

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

For the Years Ended June 30,	Principal	Interest	Total
2023	\$ 58,965	\$ 13,305	\$ 72,270
2024	73,131	13,241	86,372
2025	50,436	10,164	60,600
2026	51,014	9,586	60,600
2027	51,599	9,001	60,600
2028-2032	276,209	35,891	312,100
2033-2037	304,793	19,207	324,000
2038-2042	180,582	3,018	183,600
TOTAL	<u>\$ 1,046,729</u>	<u>\$ 113,413</u>	<u>\$ 1,160,142</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE J -- PRIOR PERIOD ADJUSTMENT

Net position of governmental activities at the beginning of 2022 has been decreased due to the implementation of GASB 87, *Leases*, which is effective retroactively. A reconciliation of the prior period ending net position to the current year beginning net position reported is as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position (Deficit), as previously reported	\$ 2,153,662	\$ 20,204,576
Right to Use Lease Assets, Net	577,236	384,824
Lease payable	(637,524)	(425,015)
Beginning Net Position (Deficit), as restated	<u>\$ 2,093,374</u>	<u>\$ 20,164,385</u>

NOTE K -- PENSION PLANS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

Plan Membership

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

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

State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed 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.

Plan Benefits

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

SCRS - 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 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 eight 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 five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Plan Contributions

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

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

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. 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 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

²Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

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. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

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

	SCRS	PORS
	Entry Age Normal	Entry Age Normal
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return ¹	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by services) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹Includes inflation at 2.25%

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

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Net Pension Liability

The net pension liability (NPL) 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. As of June 30, 2021, NPL totals for SCRS and PORS are as follows:

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

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The City's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2021, the City's percentage of the SCRS and PORS net pension liability was 0.012951% and 0.079791%, respectively. The City's proportionate share is determined by its percentage of total contributions to SCRS and PORS during the respective fiscal year. The change in percentage resulted in the City recognizing a change in its proportionate share of the SCRS and PORS net pension liability as related deferred outflows and inflows of resources.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity ¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity ^{1, 2}	9.0%	9.68%	0.87%
Private Debt ²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return ³	100%		5.18%
Inflation for Actuarial Purposes			2.25%
			7.43%

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 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 Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 3,671,288	\$ 2,802,776	\$ 2,080,863
PORS	\$ 2,978,563	\$ 2,052,947	\$ 1,294,725

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2022, the City recognized pension expense of \$204,203 and \$249,833 for the SCRS and PORS, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources and will be amortized to pension expense as noted in the following schedules.

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 47,742	\$ 3,783
Changes in assumptions	153,415	
Net difference between projected and actual earnings		407,140
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	103,139	44,600
City's contributions subsequent to the measurement date	236,298	
	<u>\$ 540,594</u>	<u>\$ 455,523</u>
PORS		
Differences between expected and actual experience	\$ 69,840	\$ 6,394
Changes in assumptions	146,426	
Net difference between projected and actual earnings		460,261
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	114,977	61,895
City's contributions subsequent to the measurement date	240,347	
	<u>\$ 571,590</u>	<u>\$ 528,550</u>

The City reported \$236,298 as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS will be recognized in pension expense as follows:

Measurement Periods Ending June 30,	For the Years Ended June 30,	SCRS
2022	2023	\$ 416
2023	2024	5,248
2024	2025	(4,544)
2025	2026	(152,347)
Net Balance of Deferred Outflows/(Inflows) of Resources		<u>\$ (151,227)</u>

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE K -- PENSION PLANS – Continued

The City reported \$240,347 as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the PORS, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PORS will be recognized in pension expense as follows:

Measurement Periods Ending June 30,	For the Years Ended June 30,	PORS
2022	2023	\$ (16,756)
2023	2024	(11,772)
2024	2025	(10,271)
2025	2026	(158,508)
Net Balance of Deferred Outflows/(Inflows) of Resources		\$ (197,307)

NOTE L -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City of Manning Retiree Health Care Plan provides postemployment benefits other than pension for all permanent full-time general and public safety employees of the City. This plan is a single-employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Plan Benefits

Retirees that have a minimum of 20 years of service with the City of Manning are eligible for health, vision, and dental coverage in retirement through the City of Manning. The City pays 100% of the retiree-only premium. The retiree pays any premiums for spouse or dependent coverage. The 20 years of City of Manning service requirement does not need to be consecutive prior to retirement. However, the employee must retire directly from active service (through SCRS or PORS) in order to be eligible for retiree health care benefits. Employees with over 20 years of service who leave the City prior to normal retirement eligibility are not eligible for the retiree medical benefit. Retirees with less than 20 years of City service have the option to maintain coverage at their own expense. Surviving spouses or dependents may participate in the healthcare plan through COBRA coverage only (maximum of 36 months). Spouses of retired employees are eligible to receive retiree health care benefits. Retirees must pay the entire cost of the dependent's monthly insurance premium as set by the State Employee Insurance Program. Surviving spouses of deceased retirees may continue their coverage at the unfunded rates. Retirees are required to enroll in Medicare once eligible, as per PEBA's rules for continued coverage. The City's benefit terms reflect capping the amount of the pre-65 subsidy and eliminating the post-65 subsidy provided to members who had not yet retired as of July 1, 2022. Due to the plan changes, the participation rate for future retirees was lowered 4% annually from 100% in 2022 to 15% beyond 2043.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE L -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

For retirees who attain the 20-year City service requirement, the City will pay the retiree portion of the vision program premiums. Retirees are responsible for 100% of any dependent vision premiums. For retirees who attain the 20-year City service requirement, the City will pay the retiree portion of the dental and dental plus program premiums. Retirees are responsible for 100% of any dependent dental premiums.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries	3
Inactive, nonretired members	0
Active members	71
Total	74

Total OPEB Liability

The City's total OPEB liability of \$1,574,636 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and methods

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.92% as of June 30, 2021
Inflation	2.25%
Salary Increases	3.00% to 9.50% for SCRS and 3.50% to 10.50% for PORS, including inflation
Demographic Assumptions	Based on the experience study covering the five-year period ending June 30, 2019 as conducted for the South Carolina Retirement Systems (SCRS). For the OPEB valuation, the standard SCRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with the following multipliers applied to the based tables: 97% for male SCRS members, 107% for female SCRS members, 127% for male PORS members, and 107% for female PORS members. That rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE L -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

Health Care Trend	Initial rate of 6.00% declining to an ultimate rate of 4.00% after 15 years.
Participation Rates	100% for retirees with over 20 years at retirement declining 4% annually after the year 2022 until it becomes 15% beyond the year 2043; 15% for retirees with less than 20 years at retirement; Retirees that are ineligible for a post-65 subsidy were assumed to discontinue coverage once Medicare eligible.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 1.92% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 2.45% as of the prior measurement date.

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 (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
\$ 1,793,163	\$ 1,574,636	\$ 1,395,996

Sensitivity of the total OPEB liability to the Healthcare Cost Trend Rate Assumption

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1.00% Decrease	Current Healthcare Cost Trend Rate Assumption	1.00% Increase
\$ 1,379,304	\$ 1,574,636	\$ 1,815,235

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan was approximately 682 years. Additionally, the total plan membership (active employees and inactive employees) was 74. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.2098 years.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE L -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – Continued

For the year ended June 30, 2022, the City recognized OPEB expense of (\$3,606,941). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 7,726
Changes in assumptions	\$ 557,406	
City's contributions subsequent to the measurement date	38,545	
	<u>\$ 595,951</u>	<u>\$ 7,726</u>

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (June 30, 2021) and prior to the end of the employer's reporting period (June 30, 2022) should be reported by the employer as a deferred outflow related to OPEB. See paragraph 159 of GASB Statement No. 75 for plans that do not have formal assets.

The deferred outflow for benefit payments made subsequent to the measurement date was \$38,545 (\$30,183 of explicit subsidies plus \$8,362 of implicit subsidies). The implicit subsidy was estimated by multiplying the explicit costs by 0.277. The 0.277 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

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

Measurement Periods Ending June 30,	For the Years Ended June 30,	
2022	2023	\$ 75,073
2023	2024	75,073
2024	2025	75,073
2025	2026	75,073
2026	2027	75,073
	Thereafter	174,315
	Total	<u>\$ 549,680</u>

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NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE M -- RISK MANAGEMENT – INSURANCE COVERAGE

The City is exposed to various risks of loss and maintains State insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. The City pays insurance premiums to state agencies to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement.

Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- a) Claims of State employees for unemployment compensation benefits (South Carolina Department of Employment and Workforce);
- b) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- c) Claims of covered public health employees for health and dental insurance benefits (Office of Insurance Services); and
- d) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems).

Employees elect health insurance coverage through either a health maintenance organization or through the State's Self-Insured Plan. All of the other coverages listed above are through the applicable State Self-Insured Plan except dependent and optional life insurance premiums which are remitted to commercial carriers. The City has not transferred the portion of the risk of loss related to insurance policy deductibles, unreported claims, underinsurance and co-insurance for certain coverage to a State or commercial insurer.

The City has not reported estimated claims loss expenditure or expense, and the related liability at June 30, 2022, based on the requirements of GASB Statement No. 10. In management's opinion, claims losses in excess of insurance coverage, if any, are unlikely and, if incurred, would not have an adverse effect on the City's financial position.

NOTE N -- COMMITMENTS, CONTINGENCIES AND OTHER PROJECTS

Grant Program Involvement: In the normal course of operation, the City participates in various federal and/or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTES TO THE FINANCIAL STATEMENTS
CITY OF MANNING, SOUTH CAROLINA

NOTE N -- COMMITMENTS, CONTINGENCIES AND OTHER PROJECTS – Continued

Litigation: The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include an accrual or provision for loss contingencies that may result from these proceedings. The City feels that any settlement or judgment not covered by insurance would not have an adverse effect on the financial condition of the City.

NOTE O -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2022, the date the financial statements were available to be issued.

Subsequent to year end, the City received the second payment from the Coronavirus State and Local Fiscal Recovery Funding through the American Rescue Plan which is being administered by the U.S. Department of the Treasury through the State of South Carolina in the amount of \$968,804. These funds are meant to turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,805,000	\$ 1,697,744	\$ (107,256)
Local options sales tax	1,035,000	1,218,082	183,082
Solid waste tax	491,000	499,621	8,621
Accommodations tax	11,500	12,249	749
Licenses, permits and franchise fees	1,466,700	1,538,957	72,257
State aid to subdivisions	384,000	417,535	33,535
Fines and forfeitures	30,000	47,811	17,811
Grants		1,108,106	1,108,106
Investment income	20,000	25,772	5,772
Miscellaneous	25,500	55,705	30,205
Total Revenues	5,268,700	6,621,582	1,352,882
Expenditures			
General government	1,569,240	1,204,726	364,514
Public Safety	2,469,418	2,479,881	(10,463)
Public Works	1,380,041	1,436,854	(56,813)
Debt service			
Principal		12,024	(12,024)
Interest and fiscal charges		36,352	(36,352)
Capital lease payments		50,730	(50,730)
Capital outlay		407,943	(407,943)
Total Expenditures	5,418,699	5,628,510	(209,811)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,999)	993,072	1,143,071
Other Financing Sources (Uses)			
Transfers in	150,000	150,000	0
Insurance proceeds		21,565	21,565
Total Other Financing Sources (Uses)	150,000	171,565	21,565
Net Change in Fund Balances	\$ (1)	1,164,637	\$ 1,164,636
Fund Balance at Beginning of Year		6,690,127	
FUND BALANCE AT YEAR END		\$ 7,854,764	

See accompanying note to budgetary comparison schedule.

NOTES TO BUDGETARY COMPARISON SCHEDULE
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

The City adopts an annual legal budget, which covers the general fund and utility enterprise fund. The budget for the general fund is prepared on the modified accrual basis except for encumbrances which are treated as budgeted expenditures. The statements comparing budget and actual amounts for the governmental fund include adjustments to those budgetary bases for the differences noted above and for certain other items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States of America. Any revisions that alter total expenditures of the General Fund must be approved by the City Council.

The Budgetary Comparison Schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the general fund for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM
CITY OF MANNING, SOUTH CAROLINA

	2022	2021	June 30, 2020	2019	2018
City's proportion of the net pension liability	0.012951%	0.012387%	0.012775%	0.012682%	0.013040%
City's proportionate share of the net pension liability	\$2,802,776	\$3,165,038	\$2,917,011	\$2,841,597	\$2,935,514
City's covered-employee payroll	\$1,426,921	\$1,463,998	\$1,381,911	\$1,353,056	\$1,221,158
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	196.42%	216.19%	211.09%	210.01%	240.39%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.71%	54.40%	54.10%	53.30%

	2017	June 30, 2016	2015	2014
City's proportion of the net pension liability	0.012839%	0.012894%	0.012706%	0.012706%
City's proportionate share of the net pension liability	\$2,742,391	\$2,445,409	\$2,187,552	\$2,279,002
City's covered-employee payroll	\$1,334,803	\$1,243,302	\$1,208,995	\$1,153,516
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	205.45%	196.69%	180.94%	197.57%
Plan fiduciary net position as a percentage of the total pension liability	52.90%	56.99%	59.92%	56.40%

The amounts presented were determined as of June 30th of the previous year.
Only nine years of data were available; thus, only nine years were presented.

SCHEDULE OF THE CITY'S CONTRIBUTIONS - SOUTH CAROLINA RETIREMENT SYSTEM
CITY OF MANNING, SOUTH CAROLINA

	For the Years Ended June 30,				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 236,298	\$ 227,798	\$ 215,025	\$ 197,005	\$ 165,589
Actual contributions	<u>236,298</u>	<u>227,798</u>	<u>215,025</u>	<u>197,005</u>	<u>165,589</u>
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 1,426,921	\$ 1,463,998	\$ 1,381,911	\$ 1,353,056	\$ 1,221,158
Contributions as a percentage of covered-employee payroll	16.56%	15.56%	15.56%	14.56%	13.56%

	For the Years Ended June 30,			
	2017	2016	2015	2014
Contractually required contribution	\$ 152,301	\$ 137,509	\$ 131,780	\$ 122,273
Actual contributions	<u>152,301</u>	<u>137,509</u>	<u>131,780</u>	<u>122,273</u>
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 1,334,803	\$ 1,243,302	\$ 1,208,995	\$ 1,153,516
Contributions as a percentage of covered-employee payroll	11.41%	11.06%	10.90%	10.60%

Only nine years of data were available; thus, only nine years were presented.

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - POLICE OFFICERS RETIREMENT SYSTEM
CITY OF MANNING, SOUTH CAROLINA

	2022	2021	June 30, 2020	2019	2018
City's proportion of the net pension liability	0.079791%	0.075010%	0.077788%	0.075101%	0.075101%
City's proportionate share of the net pension liability	\$2,052,947	\$2,487,484	\$2,229,352	\$2,294,581	\$2,057,438
City's covered-employee payroll	\$1,249,205	\$1,199,805	\$1,133,130	\$1,093,237	\$1,120,881
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	164.34%	207.32%	196.74%	209.89%	183.56%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.80%	62.70%	61.70%	60.90%

	2017	June 30, 2016	2015	2014
City's proportion of the net pension liability	0.076206%	0.087826%	0.079998%	0.079998%
City's proportionate share of the net pension liability	\$1,932,946	\$1,681,372	\$1,531,504	\$1,658,337
City's covered-employee payroll	\$1,038,728	\$ 971,520	\$ 955,715	\$ 962,175
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	186.09%	173.07%	160.25%	172.35%
Plan fiduciary net position as a percentage of the total pension liability	60.40%	64.57%	67.55%	67.55%

The amounts presented were determined as of June 30th of the previous year.
Only nine years of data were available; thus, only nine years were presented.

SCHEDULE OF THE CITY'S CONTRIBUTIONS -POLICE OFFICERS RETIREMENT SYSTEM
CITY OF MANNING, SOUTH CAROLINA

	For the Years Ended June 30,				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 240,347	\$ 218,844	\$ 206,683	\$ 188,474	\$ 182,031
Actual contributions	<u>240,347</u>	<u>218,844</u>	<u>206,683</u>	<u>188,474</u>	<u>182,031</u>
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 1,249,205	\$ 1,199,805	\$ 1,133,130	\$ 1,093,237	\$ 1,120,881
Contributions as a percentage of covered-employee payroll	19.24%	18.24%	18.24%	17.24%	16.24%

	For the Years Ended June 30,			
	2017	2016	2015	2014
Contractually required contribution	\$ 144,019	\$ 133,487	\$ 128,161	\$ 123,543
Actual contributions	<u>144,019</u>	<u>133,487</u>	<u>128,161</u>	<u>123,543</u>
Contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 1,038,728	\$ 971,520	\$ 955,715	\$ 962,175
Contributions as a percentage of covered-employee payroll	13.86%	13.74%	13.41%	12.84%

Only nine years of data were available; thus, only nine years were presented.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY OF MANNING, SOUTH CAROLINA

	For the Years Ended June 30,	
	2022	2021
Total OPEB liability		
Service cost	\$ 388,172	\$ 310,172
Interest on the total OPEB liability	131,954	134,828
Changes of benefit terms	(4,202,140)	0
Difference between expected and actual experience of the total OPEB liability	(8,667)	0
Changes of assumptions	86,218	613,854
Benefit payments	(25,350)	(13,815)
Net change in total OPEB liability	(3,629,813)	1,045,039
Total OPEB liability - beginning	5,204,449	4,159,410
Total OPEB liability - ending	\$ 1,574,636	\$ 5,204,449
Covered-employee payroll	\$ 2,643,813	\$ 2,485,009
Total OPEB liability as a percentage of covered -employee payroll	59.56%	209.43%

Notes to the Schedule:

The ending Total OPEB Liability for the years ended June 30, 2022 and 2021 was as of June 30, 2021 and 2020, respectively.

Changes of benefit terms reflect capping the amount of the pre-65 subsidy and eliminating the post-65 subsidy provided to members who had not yet retired as of July 1, 2022. Due to the plan changes, the participation rate for future retirees was lowered 4% annually from 100% in 2022 to 15% beyond 2043.

Changes of assumptions reflect a change in the discount rate from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021 and revised SCRS and PORS demographic and salary increase assumptions.

The benefit payments during the measurement period were determined to be as follows:

a. Explicit benefit payments	\$ 19,851
b. Implicit benefit payments	5,499
c. Total benefit payments	\$ 25,350

A factor of 0.277 was used to determine the ratio of the expected implicit subsidy to the expected explicit costs.

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE I - COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CITY OF MANNING, SOUTH CAROLINA
June 30, 2022

	Victim's Rights	Disaster Relief Donations	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 76,643	\$ 7,384	\$ 84,027
Accounts receivable	706	150	856
TOTAL ASSETS	<u>\$ 77,349</u>	<u>\$ 7,534</u>	<u>\$ 84,883</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 4,696		\$ 4,696
Total Liabilities	4,696	\$ 0	4,696
Fund Balances			
Restricted	72,653	7,534	80,187
Total Fund Balances	<u>72,653</u>	<u>7,534</u>	<u>80,187</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 77,349</u>	<u>\$ 7,534</u>	<u>\$ 84,883</u>

SCHEDULE II - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

	Victim's Rights	Disaster Relief Donations	Total Nonmajor Governmental Funds
Revenues			
Grants		\$ 4,000	\$ 4,000
Assessments and surcharges	\$ 5,516		5,516
Investment income	39		39
Total Revenues	5,555	4,000	9,555
Expenditures			
Operating expenditures	6,885	7,096	13,981
Total Expenditures	6,885	7,096	13,981
Net Change in Fund Balances	(1,330)	(3,096)	(4,426)
Fund Balances at Beginning of Year	73,983	10,630	84,613
FUND BALANCES AT END OF YEAR	\$ 72,653	\$ 7,534	\$ 80,187

SCHEDULE III - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

CITY OF MANNING, SOUTH CAROLINA

For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Legislative			
Salaries and related benefits	\$ 90,705	\$ 87,894	\$ 2,811
Telephone	1,000	1,159	(159)
Meetings	3,000	1,473	1,527
Office supplies and postage	600	973	(373)
Repairs and maintenance	2,000	686	1,314
Fuel	3,000	2,440	560
Council district expenses	18,000	7,604	10,396
Mayor's office expense	6,000	2,059	3,941
Membership dues and publications	3,500	3,227	273
Business development	10,000	8,469	1,531
Tort insurance	6,730	6,386	344
Liability insurance	2,000	1,802	198
Elections	5,000	5,494	(494)
Miscellaneous	2,800	1,022	1,778
Total Legislative	154,335	130,688	23,647
Judicial/Legal			
Salaries and related benefits	149,707	155,487	(5,780)
Bonds	300	215	85
Juror fees	1,000	0	1,000
Bond hearing	1,000	0	1,000
Contract services	15,600	12,625	2,975
Membership dues and publications	1,500	100	1,400
Office supplies	2,000	2,086	(86)
Telephone	3,000	2,965	35
Postage	3,000	1,796	1,204
Repairs and maintenance	5,000	3,441	1,559
Supplies	2,000	1,353	647
Tort insurance	920	875	45
Liability insurance	1,000	939	61
Travel, convention and meeting expense	7,500	2,842	4,658
Computer hardware and software	7,000	5,321	1,679
Utilities	4,000	3,257	743
Miscellaneous	2,000	236	1,764
Furniture and equipment	8,500	0	8,500
Total Judicial/Legal	215,027	193,538	21,489

SCHEDULE III - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND - Continued

CITY OF MANNING, SOUTH CAROLINA

For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Administrative			
Salaries and related benefits	593,106	575,411	17,695
Zoning (maps, signs, etc.)	12,000	8,665	3,335
Membership dues and publications	4,000	1,792	2,208
Schools	1,500	0	1,500
Travel, conventions and meetings	4,500	3,541	959
Advertising	0	335	(335)
Contract services	56,000	40,637	15,363
Bonds	300	215	85
Service contracts (hardware and software)	20,000	15,093	4,907
Telephone	20,000	20,510	(510)
Postage	3,000	2,705	295
Equipment rentals	10,000	9,985	15
Tort insurance	8,500	8,361	139
Liability insurance	2,000	1,798	202
Utilities	13,000	18,590	(5,590)
Office, maintenance and cleaning supplies	14,300	9,715	4,585
Computer hardware and software	15,000	8,339	6,661
Repairs and maintenance	45,000	4,565	40,435
Vehicle fuel	1,000	1,616	(616)
Other insurance	10,904	10,904	0
Building and property rental	42,000	5,906	36,094
Miscellaneous	2,500	174	2,326
Furniture and equipment	3,900	784	3,116
Total Administrative	882,510	749,641	132,869
Non-Departmental			
Holiday decorations	31,697	30,900	797
Community programs	18,000	23,588	(5,588)
Legal services	45,000	1,921	43,079
Professional services	46,000	8,847	37,153
Advertising	3,000	3,151	(151)
Audit and accounting services	13,000	16,619	(3,619)
Association - Santee Lynches	5,340	5,340	0
Municipal association	2,000	1,710	290
Ordinance codification	2,000	2,278	(278)
Employee appreciation	13,100	6,842	6,258
Recreation expenditures	63,533	5,385	58,148
City signage	6,000	0	6,000

SCHEDULE III - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND - Continued
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Non-Departmental (continued)			
Let's Move Manning	3,500	1,440	2,060
Tree board recommendations	2,000	50	1,950
Cemetery improvement	10,000	278	9,722
Farmer's market	3,000	2,001	999
Website	8,000	3,576	4,424
Miscellaneous	1,500	1,314	186
Total Non-Departmental	276,670	115,240	161,430
Downtown Development			
Travel and conventions	6,000	3,847	2,153
Membership dues and publications	3,500	1,845	1,655
Postage	1,500	190	1,310
Supplies	1,500	399	1,101
Meetings	3,000	114	2,886
Advertising and promotional items	5,857	500	5,357
Façade grant match	4,000	0	4,000
Community projects	6,000	1,879	4,121
Tourism grant	100	0	100
Youth council events	100	0	100
Contract services	4,142	3,142	1,000
Furniture and equipment	5,000	3,703	1,297
Total Downtown Development	40,699	15,619	25,080
TOTAL GENERAL GOVERNMENT	\$ 1,569,240	\$ 1,204,726	\$ 364,514
Public Safety			
Police Department			
Salaries and related benefits	\$ 1,365,094	\$ 1,390,897	\$ (25,803)
Telephone	10,000	10,658	(658)
Travel, conventions and meetings	3,000	2,414	586
Liability insurance	45,982	45,982	0
Drug seizure expense	5,000	2,500	2,500
Utilities	9,000	8,036	964
Repairs and maintenance	38,500	38,572	(72)
Office and maintenance supplies	16,500	4,768	11,732
Vehicle fuel	52,000	82,566	(30,566)
Police supplies	12,000	10,557	1,443

SCHEDULE III - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND - Continued

CITY OF MANNING, SOUTH CAROLINA

For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police Department (continued)			
Uniforms and accessories	21,000	36,948	(15,948)
Prisoner and dispatch fees	17,600	9,554	8,046
Membership dues and publications	1,300	1,545	(245)
Community programs	4,000	2,292	1,708
Bonds	250	215	35
Special cases	2,500	822	1,678
Schools	3,000	500	2,500
Postage	1,000	592	408
Other insurance	12,000	8,663	3,337
Service contracts	16,100	19,845	(3,745)
Firing range	2,500	2,152	348
Tort insurance	38,418	38,418	0
Radio usage	10,000	13,708	(3,708)
Employee physicals	2,000	101	1,899
Computer hardware and software	7,000	3,248	3,752
Computer air card usage	5,000	2,728	2,272
Miscellaneous	3,500	99	3,401
Vehicles and equipment	19,100	2,955	16,145
Capital Lease Interest	5,000	0	5,000
Total Police Department	1,728,344	1,741,335	(12,991)
Fire Department			
Salaries and related benefits	561,759	614,726	(52,967)
Telephone	6,000	8,189	(2,189)
Travel, conventions and banquets	11,000	5,262	5,738
Liability insurance	14,150	12,696	1,454
Utilities	10,000	8,718	1,282
Repairs and maintenance	23,700	27,307	(3,607)
Office supplies	3,500	3,206	294
Vehicle fuel	8,000	10,383	(2,383)
Uniforms and accessories	5,000	4,890	110
Membership dues and publications	3,400	3,610	(210)
Employee physicals	4,700	4,666	34
Allowances	12,100	11,439	661
Fire supplies and small equipment	12,000	2,454	9,546
Radio air time	5,000	6,269	(1,269)
SCBA	2,800	11	2,789

SCHEDULE III - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND - Continued
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Fire Department (continued)			
Postage	800	0	800
Tort insurance	2,965	3,703	(738)
Schools	3,600	508	3,092
Community programs	900	199	701
Other insurance	3,900	5,067	(1,167)
Miscellaneous	900	124	776
Mobile radios	5,000	0	5,000
Computer hardware and software	5,400	3,468	1,932
Vehicles and equipment	4,000	1,651	2,349
Building - USDA Loan (Annual Pymt)	30,500	0	30,500
Total Fire Department	741,074	738,546	2,528
TOTAL PUBLIC SAFETY	\$ 2,469,418	\$ 2,479,881	\$ (10,463)
Public Works			
Street Department			
Salaries and related benefits	\$ 489,221	\$ 492,401	\$ (3,180)
Telephone	1,500	2,163	(663)
Liability insurance	8,000	11,472	(3,472)
Utilities	3,700	3,392	308
Repairs and maintenance	57,900	58,767	(867)
Fire hydrant supplies	18,800	20,168	(1,368)
Vehicle fuel	30,000	34,240	(4,240)
Shop and street supplies	20,000	19,086	914
Street lights	126,000	136,586	(10,586)
OSHA compliance	4,500	2,993	1,507
Uniform and accessories	11,000	9,451	1,549
Tort insurance	3,200	3,112	88
Landfill/disposal fees	194,100	135,130	58,970
Animal and mosquito control	4,300	4,000	300
Landscaping and chemicals	8,000	3,990	4,010
Bad debt expense	0	32,040	(32,040)
Office supplies	620	352	268
Other insurance	1,800	1,152	648
WM commercial and residential charges	358,000	356,204	1,796
Miscellaneous	2,400	1,935	465
Equipment and improvements	37,000	108,220	(71,220)
TOTAL PUBLIC WORKS	\$ 1,380,041	\$ 1,436,854	\$ (56,813)

SCHEDULE IV - UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

For the State Treasurer's Office

County/Municipal Funds Collected by Clerk of Court	Municipal Court
Court fines and Assessments:	
Court fines and assessments collected	\$ 104,379
Court fines and assessments remitted to State Treasurer	52,935
Total Court Fines and Assessments Retained	<u>\$ 51,444</u>

Surcharges and Assessments retained for victims services:	
Surcharges collected and retained	\$ 1,419
Assessments retained	4,097
Total Surcharges and Assessments Retained for Victim Services	<u>\$ 5,516</u>

For the Department of Crime Victim Compensation:

Victim Service Funds Collected	Municipal Court
Carryforward from Previous Year - Beginning Balance	\$ 73,983
Victim Service Revenue:	
Victim service assessments retained by city treasurer	4,097
Victim service surcharges retained by city treasurer	1,419
Interest earned	39
Total Funds Allocated to Victim Service Fund Plus Beginning Balance	<u>79,538</u>

Expenditures for Victim Service Program:	
Operating expenditures	<u>6,885</u>
Total Expenditures from Victim Service Fund	<u>6,885</u>

Total Victim Service Funds Retained by Municipal Treasurer	<u>72,653</u>
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Carryforward Funds - End of Year	<u>\$ 72,653</u>
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SCHEDULE V - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
WATER AND SEWER ENTERPRISE FUND
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Charges and fees	\$ 3,270,615	\$ 3,244,846	\$ (25,769)
Operating Expenses			
Salaries and related benefits	1,032,702	763,454	269,248
OPEB and pension expense	0	(673,562)	673,562
Chemicals and supplies	86,133	81,866	4,267
Permits, fees and licenses	27,176	25,226	1,950
Insurance - liability and other	106,352	125,167	(18,815)
Office supplies and expense	8,000	6,919	1,081
Electricity	245,600	272,490	(26,890)
Pump/grade sewer lines and landfill charges	4,737	3,500	1,237
Lab testing	30,000	22,819	7,181
Maintenance and repairs	216,338	183,385	32,953
Computer and equipment	5,900	4,064	1,836
Membership dues and publications	3,100	2,574	526
Depreciation and amortization expense	750,000	977,825	(227,825)
Provision for uncollectible accounts		46,568	(46,568)
Vehicle and equipment fuel	30,000	55,448	(25,448)
Training, travel and uniform expense	13,900	13,999	(99)
Telephone	30,000	29,087	913
Postage and billing costs	27,800	26,171	1,629
Water meters	50,000	34,322	15,678
Water and sewer line installation	20,000	21,482	(1,482)
Equipment service contracts	41,500	38,425	3,075
Audit and accounting services	13,000	20,312	(7,312)
Engineering services and fees	14,000	28,430	(14,430)
Building and property rental	27,000	7,131	19,869
Miscellaneous	1,780	1,456	324
Total Operating Expenses	2,785,018	2,118,558	666,460
Operating Income	485,597	1,126,288	640,691

SCHEDULE V - SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
WATER AND SEWER ENTERPRISE FUND - Continued
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Non-Operating Revenues (Expenses)			
Interest income	27,700	28,710	1,010
Interest expense	(371,697)	(370,576)	1,121
Other non-operating revenues	8,400	31,116	22,716
Total Non-Operating Revenues (Expenses)	(335,597)	(310,750)	24,847
Income Before Transfers	150,000	815,538	665,538
Transfer to general fund	(150,000)	(150,000)	0
CHANGE IN NET POSITION	\$ 0	\$ 665,538	\$ 665,538

SCHEDULE VI - DETAIL STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - WATER AND SEWER ENTERPRISE FUND
CITY OF MANNING, SOUTH CAROLINA
For the Year Ended June 30, 2022

	Water Operations	Sewer Operations	Total
Operating Revenues			
Charges and fees	\$ 1,618,141	\$ 1,626,705	\$ 3,244,846
Operating Expenses			
Salaries and related benefits	469,094	294,360	763,454
OPEB and pension expense	(413,861)	(259,701)	(673,562)
Chemicals and supplies	57,233	24,633	81,866
Permits, fees and licenses	20,940	4,286	25,226
Insurance - liability and other	125,167		125,167
Office supplies and expense	6,919		6,919
Electricity	71,010	201,480	272,490
Pump/grade sewer lines and landfill charges		3,500	3,500
Lab testing		22,819	22,819
Maintenance and repairs	61,314	122,071	183,385
Computer and equipment	4,064		4,064
Membership dues and publications	2,574		2,574
Depreciation and amortization expense		977,825	977,825
Provision for uncollectible accounts	23,284	23,284	46,568
Vehicle and equipment fuel	55,448		55,448
Training, travel and uniform expense	13,999		13,999
Telephone	29,087		29,087
Postage and billing costs	26,171		26,171
Water meters	34,322		34,322
Water and sewer line installation	11,648	9,834	21,482
Equipment service contracts	38,425		38,425
Audit and accounting services	20,312		20,312
Engineering services and fees	28,430		28,430
Building and property rental	7,131		7,131
Miscellaneous	1,456		1,456
Total Operating Expenses	694,167	1,424,391	2,118,558
Operating Income	923,974	202,314	1,126,288

SCHEDULE VI - DETAIL STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN NET POSITION - WATER AND SEWER ENTERPRISE FUND - Continued
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>
Non-Operating Revenues (Expenses)			
Interest income	14,355	14,355	28,710
Interest expense	(95,831)	(274,745)	(370,576)
Other non-operating revenues	31,116		31,116
Total Non-Operating Revenues (Expenses)	<u>(50,360)</u>	<u>(260,390)</u>	<u>(310,750)</u>
Income Before Transfers	873,614	(58,076)	815,538
Transfer to general fund	<u>(75,000)</u>	<u>(75,000)</u>	<u>(150,000)</u>
CHANGE IN NET POSITION	<u>\$ 798,614</u>	<u>\$ (133,076)</u>	<u>\$ 665,538</u>

SCHEDULE VII - CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF ASSETS HELD BY FUNCTION AND ACTIVITY
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

Function and Activity	Land	Vehicles	Buildings and Improvements	Furniture and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 239,058	\$ 180,505	\$ 1,345,288	\$ 495,166	\$ 145,282	\$ 25,000	\$ 2,430,299
Public Safety		1,686,309	386,789	913,020	939,642		3,925,760
Public Works	22,430	288,097	89,530	249,152	1,083,487	341,746	2,074,442
Total	<u>\$ 261,488</u>	<u>\$ 2,154,911</u>	<u>\$ 1,821,607</u>	<u>\$ 1,657,338</u>	<u>\$ 2,168,411</u>	<u>\$ 366,746</u>	<u>\$ 8,430,501</u>

SCHEDULE VIII - CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 CITY OF MANNING, SOUTH CAROLINA
 For the Year Ended June 30, 2022

Function and Activity	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
General Government	\$ 2,255,603	\$ 174,696		\$ 2,430,299
Public Safety	3,727,034	222,053	(23,327)	3,925,760
Public Works	2,063,248	11,194		2,074,442
Total	<u>\$ 8,045,885</u>	<u>\$ 407,943</u>	<u>\$ \$ (23,327)</u>	<u>\$ 8,430,501</u>

GOVERNMENTAL AUDITING SECTION

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

To the Honorable Mayor and City Council of
City of Manning, South Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manning, South Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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.

Columbia, South Carolina
December 20, 2022

The Hall Group, P.A.