

**CITY OF HARTSVILLE
HARTSVILLE, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2023**

**CITY OF HARTSVILLE, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023**

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MAYOR
Casey Hancock

MAYOR PRO-TEM
Johnny L. Andrews - District 4

COUNCIL MEMBERS
Kenzie DeLaine – District 1
Bryson Caldwell-District 2
Teresa Mack-District 3
Robert J. Braddock, Jr. -District 5
Bobby McGee – District 6

City Manager -----Daniel P. Moore
Chief Financial Officer-----Karen Caulder
City Clerk ----- Sherron L. Skipper
Public Services Director ----- Philip Bethea
Parks & Recreation Services Director-----Adam Bedard
Police Chief-----Byron Snellgrove
Fire Chief-----Jeff Burr
Human Resource Director-----Kimberly Jones

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January 11, 2024

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of City Council
City of Hartsville, South Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartsville, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hartsville, South Carolina's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Hartsville, South Carolina’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 4-13 and 72, and the schedules of funding progress and employer contributions, schedule of City’s proportionate share of net pension liabilities, schedule of City’s contributions, schedule of change in net OPEB liability, schedule of the net OPEB liability and schedule of employer contributions on pages 73-77 to 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 of Hartsville, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 January 11, 2024 on our consideration of the City of Hartsville, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hartsville, South Carolina's internal control over financial reporting and compliance.



Sheheen, Hancock and Godwin, LLP
Camden, South Carolina

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023**

As management of the City of Hartsville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the transmittal letter at the front of this report and with the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$31,249,760 at the close of the 2023 fiscal year. Of this amount, \$11,983,364 may be used to meet City government's ongoing obligations to citizens and creditors.
- Revenues and other financing sources (uses) totaled \$17,154,106 and expenditures totaled \$15,780,725 for all governmental funds at the fund level. Included in that expenditure total is \$690,687 in capital outlay projects. Accordingly, revenues exceeded expenditures and other financing sources by \$1,373,381.
- As of the close of fiscal year 2023, the City of Hartsville's governmental funds reported combined ending fund balances of \$7,777,341. Approximately 57 percent of this amount, \$4,515,060 is available for spending at the government's discretion (general fund unassigned fund balance).
- The City of Hartsville's business type activities reported net position at fiscal year-end of \$18,856,717 an increase of approximately 3 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of City finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all City assets and liabilities, with the difference between assets and liabilities reported as net position. Monitoring increases and/or decreases in net position over time enables the City to recognize whether its financial position is deteriorating, stagnating, or improving.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

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

Both government-wide financial statements distinguish functions of the City of Hartsville principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hartsville include general government, public safety, judicial, streets and grounds, sanitation, tourism and recreation. The business-type activities of the City include water and sewer, storm water and concessions services. The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements:

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

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental fund's Balance Sheet and the governmental fund's Statement of Revenue, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds: The City of Hartsville maintains four enterprise funds, a type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements and are used to account for operations. The City of Hartsville uses enterprise funds to account for its water, sewer and water park, storm water and concession activities.

Enterprise funds reflect activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Proprietary funds provide the same types of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements can be found on pages 19-22 of this report. Supplementary proprietary fund information can be found on page 100.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

Fiduciary Funds: The City acts as agent, or fiduciary, for other entities' resources. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The fiduciary fund statement of net position can be found on page 23 of this report.

Notes to the Financial Statements:

The notes provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes are presented after the government-wide and fund financial statements on pages 25-64.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

As noted previously, net position serves over time as a useful indicator of a government's financial position. For the City of Hartsville, assets exceeded liabilities by \$31,249,760 at the close of the most recent fiscal year. Net position is reported in three categories: net investment in capital assets of \$29,727,633, restricted net position of \$3,514,457, and unrestricted net position of \$(1,992,330). The City's combined net position increased by \$2,333,113 between fiscal years 2022 and 2023. (See Table A-1)

The largest portion of the City's net position (95 percent) reflects its net investment in capital assets (e.g. land, building, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Hartsville's investment in its capital assets is reported net of related debt, it should be noted that the resources, since they are capital assets themselves, cannot be used to liquidate these liabilities.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

Table A-1
City of Hartsville Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Assets						
Current and Other Assets	\$ 9,192,840	\$ 11,830,408	\$ 6,393,736	\$ 6,187,044	\$ 15,586,576	\$ 18,017,452
Capital Assets	<u>20,198,143</u>	<u>19,242,772</u>	<u>28,995,376</u>	<u>29,395,698</u>	<u>49,193,519</u>	<u>48,638,470</u>
Total Assets	<u>29,390,983</u>	<u>31,073,180</u>	<u>35,389,112</u>	<u>35,582,742</u>	<u>64,780,095</u>	<u>66,655,922</u>
Deferred Outflows						
OPEB Cost	93,045	190,972	-	-	93,045	190,972
Pension Cost	<u>1,752,946</u>	<u>1,591,687</u>	<u>274,986</u>	<u>227,883</u>	<u>2,027,932</u>	<u>1,819,570</u>
Total Deferred Outflows	<u>1,845,991</u>	<u>1,782,659</u>	<u>274,986</u>	<u>227,883</u>	<u>2,120,977</u>	<u>2,010,542</u>
Liabilities						
Current Liabilities	1,939,947	2,654,952	1,029,526	1,086,897	2,969,473	3,741,849
Non-Current Liabilities	<u>15,228,716</u>	<u>14,777,803</u>	<u>15,981,716</u>	<u>14,339,131</u>	<u>31,210,432</u>	<u>29,116,934</u>
Total Liabilities	<u>17,168,663</u>	<u>17,432,755</u>	<u>17,011,242</u>	<u>15,426,028</u>	<u>34,179,905</u>	<u>32,858,783</u>
Deferred Inflows						
Revenue	<u>3,435,995</u>	<u>3,030,041</u>	<u>368,525</u>	<u>1,527,880</u>	<u>3,804,520</u>	<u>4,557,921</u>
Net Position						
Net Investment in Capital Assets	13,737,017	13,999,289	13,560,379	15,728,344	27,297,396	29,727,633
Restricted For:						
Economic Development	715,512	1,080,029	-	-	715,512	1,080,029
Culture and Recreation	917,782	1,015,394	-	-	917,782	1,015,394
Public Safety	83,131	99,162	-	-	83,131	99,162
Debt Service	229,023	276,976	1,018,749	1,042,896	1,247,772	1,319,872
Construction Fund	-	-	-	-	-	-
Unrestricted	<u>(5,050,149)</u>	<u>(4,077,807)</u>	<u>3,705,203</u>	<u>2,085,477</u>	<u>(1,344,946)</u>	<u>(1,992,330)</u>
Total Net Position	<u>\$ 10,632,316</u>	<u>\$ 12,393,043</u>	<u>\$ 18,284,331</u>	<u>\$ 18,856,717</u>	<u>\$ 28,916,647</u>	<u>\$ 31,249,760</u>

Changes in net position:

Table A-2 on page 8 and the narrative that follows consider the operations of governmental and business-type activities separately.

Governmental Activities

Revenues for the City's governmental activities increased by \$891,288, while total expenditures increased by \$571,870.

Business-type activities:

The City's business-type activities are the water and sewer enterprise fund, a combined public utility consisting of water, sewer and water park services, storm water fund and concessions fund. The total of charges for services, interest revenue and transfers of \$7,774,904 were more than the total expenses of

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

\$7,202,518, yielding a positive change in net position of \$572,386 for fiscal year 2023. Since the water, sewer & water park, storm water and concessions fund are proprietary funds, their capital expenses and principal payments are recorded on the balance sheet like non-governmental businesses. Therefore, the positive change in net position does not reflect payment of \$927,786 in principal payments and \$3,431,415 in capital expenses for all four utilities.

Table A-2
City of Hartsville Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Revenues						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 4,766,198	\$ 5,014,629	\$ 6,995,976	\$ 6,708,778	\$ 11,762,174	\$ 11,723,407
Operating Grants	321,326	1,050,417	-	-	321,326	1,050,417
Capital Grants	1,121,856	1,876,732	-	-	1,121,856	1,876,732
General Revenues:						
Property Taxes	8,208,242	8,751,565	-	-	8,208,242	8,751,565
Miscellaneous	437,820	411,639	106,568	129,265	544,388	540,904
Unrestricted Investment Earnings	497	39,179	528	84,691	1,025	123,870
Intergovernmental Revenues	168,693	176,685	-	-	168,693	176,685
Gain (Loss) on Disposition of Capital Assets	(34,667)	2,434	-	-	(34,667)	2,434
Transfers	589,857	(852,170)	(589,857)	852,170	-	-
Total Revenues	<u>15,579,822</u>	<u>16,471,110</u>	<u>6,513,215</u>	<u>7,774,904</u>	<u>22,093,037</u>	<u>24,246,014</u>
Expenses						
General Government	4,165,553	4,468,395	-	-	4,165,553	4,468,395
Public Safety	5,680,819	6,155,870	-	-	5,680,819	6,155,870
Public Works	2,340,507	2,446,727	-	-	2,340,507	2,446,727
Economic Development	888,616	433,182	-	-	888,616	433,182
Culture and Recreation	744,449	737,029	-	-	744,449	737,029
Airport	93,082	112,891	-	-	93,082	112,891
Cemetery	141,992	163,279	-	-	141,992	163,279
Interest on Long-Term Debt	83,495	193,010	-	-	83,495	193,010
Capital Outlay	-	-	-	-	-	-
Enterprise Funds:						
Water and Sewer	-	-	5,885,787	7,033,376	5,885,787	7,033,376
Other Proprietary Funds	-	-	181,200	169,142	181,200	169,142
Total Expenses	<u>14,138,513</u>	<u>14,710,383</u>	<u>6,066,987</u>	<u>7,202,518</u>	<u>20,205,500</u>	<u>21,912,901</u>
Change in Net Position	1,441,309	1,760,727	446,228	572,386	1,887,537	2,333,113
Net Position, Beginning of Year, Restated	<u>9,191,007</u>	<u>10,632,316</u>	<u>17,838,103</u>	<u>18,284,331</u>	<u>27,029,110</u>	<u>28,916,647</u>
Net Position, End of Year	<u>\$ 10,632,316</u>	<u>\$ 12,393,043</u>	<u>\$ 18,284,331</u>	<u>\$ 18,856,717</u>	<u>\$ 28,916,647</u>	<u>\$ 31,249,760</u>

Financial Analysis of the City's Funds

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

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources, which is useful in determining the City's financing requirements. Unassigned fund balance serves as a useful measure of the City's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the City. A strong fund balance is necessary in the general fund to meet the cash flow requirements of the City during the fiscal year.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

At the end of the current fiscal year, the City governmental funds reported a combined ending fund balance of \$7,777,341. In the general fund there was a committed balance of \$100,786, and an unassigned fund balance of \$4,414,274. The remaining fund balance consisted of \$2,471,561 in restricted and \$790,720 in assigned located in special revenue funds.

Proprietary Fund: As previously stated, the City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted, undesignated net position of the water and sewer fund at the end of the year was \$2,085,477 or 11% of total proprietary fund net position in the amount of \$18,856,717. The City's largest component of proprietary fund net position is net investment in capital assets, of \$15,728,344 or 83% of total net position. Other factors concerning the finances of this fund have been previously discussed regarding the City of Hartsville's business-type activities.

General Fund Budgetary Highlights

The City's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The general fund has a legally adopted budget. There were several budget amendments during fiscal year ended June 30, 2023, listed below:

Budget Amendments – General Funds

Revenue:	
Interest Income	\$ 200,000
Local Option Sales Tax	\$ 55,000
Expenditures:	
Banking Fees	\$ 30,000
Contract Services	\$ 15,000
Grant Expenditures	\$ 30,000
Utilities	\$ 20,000
Cemetery	\$ 20,000
Capital Outlay	\$ 100,000
Debt Service	\$ 40,000

Budget Amendments – Utility Funds

Revenue:	
Water Revenue	\$ 15,000
Sewer Revenue	\$ 25,000
Penalties	\$ 10,000
Tower Leases	\$ 6,000
Interest Income	\$ 25,000
Accumulated Surplus	\$ 25,050
Waterpark Admissions	\$ 6,000

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

Expenditures:

Maintenance	\$ 11,000
Temporary Personnel	\$ 33,250
Vehicle Maintenance	\$ 24,000
Chemicals	\$ 13,800
Banking Fees	\$ 30,000

Capital Asset and Debt Administration

Capital Assets

At the end of 2023, the City had invested \$48,638,470 in a broad range of capital assets, net of depreciation. (See Table A-3 below)

Table A-3
City of Hartsville Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Land	\$ 7,683,556	\$ 7,683,556	\$ 145,904	\$ 145,904	\$ 7,829,460	\$ 7,829,460
Construction in Progress	57,301	338,114	1,762,017	1,846,811	1,819,318	2,184,925
Buildings and Systems	3,131,903	3,170,581	424,512	424,512	3,556,415	3,595,093
Infrastructure	27,527,074	27,547,284	35,306,822	36,866,599	62,833,896	64,413,883
Machinery and Equipment	10,093,300	10,255,091	2,922,912	3,056,017	13,016,212	13,311,108
Water Park	-	-	9,963,551	10,050,211	9,963,551	10,050,211
Accumulated Depreciation	<u>(28,294,991)</u>	<u>(29,751,854)</u>	<u>(21,530,342)</u>	<u>(22,994,356)</u>	<u>(49,825,333)</u>	<u>(52,746,210)</u>
Total	<u>\$ 20,198,143</u>	<u>\$ 19,242,772</u>	<u>\$ 28,995,376</u>	<u>\$ 29,395,698</u>	<u>\$ 49,193,519</u>	<u>\$ 48,638,470</u>

Major capital asset events during the current year include the following:

Government Activities

Machinery and Vehicles	\$ 169,591
Buildings and Systems	\$ 38,678
Infrastructure	\$ 301,023

Business-type Activities

Water Park	\$ 86,660
Machinery and Equipment	\$ 151,975
Infrastructure	\$ 1,559,776
Bay Road Water Line Extension	\$ 5,709
Generator	\$ 122,945
BOBO Newsome Sewer Extension	\$ 21,008
South Park Sewer	\$ 400,029
Smith Street Well Project	\$ 1,066,501
SCIIP	\$ 16,812

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2023
(Continued)**

Additional information on the City of Hartsville's capital assets can be found in Note 6, beginning on page 39 of this report.

Long-Term Debt

At year end the City had \$19,292,231 in outstanding bonds, capital leases and compensated absences, compared to \$21,414,725 at June 30, 2022, and \$11,231,883 in net pension liability, compared to \$10,197,198 at June 30, 2022. The City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds, water and sewer charges and tax increment bonds).

South Carolina state statutes limit the amount of general obligation debt a governmental entity may issue without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2023 the total debt limitation of assessed values for the City is \$1,945,573 with \$329,252 remaining.

Additional information on the City of Hartsville's long-term debt as reported for fiscal year 2023 can be found in Note 8, beginning on page 41 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2023, the unemployment rate for Darlington County was 3.9%. This compares unfavorably with the latest State's unemployment rate of 3.1% and the national rate of 3.6%. These indicators were considered in preparing the City's budget for the 2023 fiscal year.

The City has been very fortunate and due to sound fiscal decisions, did not increase millage for fiscal year 2023. While the City continues to be relatively stable in this improving economy, we have taken a conservative approach to our budget projections for 2023.

In our business-type activities the budget for fiscal year 2023 increased minimally due to expected volume increases and continued implementation of our rate study that went into effect on July 1, 2014, in which no water and sewer rate increases occurred. In 2018 the City completed a comprehensive rate study with an engineering firm. As a result, City Council approved water and sewer rate increases over a five-year period with implementation on July 1, 2018. The rate increases are to ensure that the City can properly maintain the infrastructure and continue providing quality services to the City of Hartsville.

Requests for Information

This financial report is designed to provide a general financial overview for those interested in the City of Hartsville government finances. Questions or requests for additional financial information may be addressed to Karen Caulder, Chief Financial Officer via regular mail: City of Hartsville, P.O. Drawer 2497, 100 East Carolina Avenue, Hartsville, South Carolina 29551.

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and Cash Equivalents	\$ 6,158,872	\$ 3,841,592	\$ 10,000,464	\$ 59,815
Restricted Cash	4,280,314	-	4,280,314	-
Investments	-	-	-	993,257
Receivables, Net	1,402,687	2,133,474	3,536,161	-
Inventories	-	211,978	211,978	-
Due From Other Governmental Units	(11,465)	-	(11,465)	-
Capital Assets:				
Land	7,683,556	145,904	7,829,460	-
Construction in Progress	338,114	1,846,811	2,184,925	-
Buildings and Systems	3,170,581	424,512	3,595,093	-
Machinery and Equipment	10,255,091	3,056,017	13,311,108	-
Infrastructure	27,547,284	36,866,599	64,413,883	-
Splash Pad / Water Park	-	10,050,211	10,050,211	-
Less: Accumulated Depreciation	(29,751,854)	(22,994,356)	(52,746,210)	-
Total Capital Assets, Net of Depreciation	<u>19,242,772</u>	<u>29,395,698</u>	<u>48,638,470</u>	<u>-</u>
Deferred Outflows of Resources				
Prepaid OPEB Cost	190,972	-	190,972	-
Prepaid Pension Cost	1,591,687	227,883	1,819,570	-
Total Deferred Outflows of Resources	<u>1,782,659</u>	<u>227,883</u>	<u>2,010,542</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>32,855,839</u>	<u>35,810,625</u>	<u>68,666,464</u>	<u>1,053,072</u>
Liabilities				
Accounts Payable and Accrued Liabilities	1,618,213	65,669	1,683,882	-
Accrued Interest Payable	-	46,863	46,863	-
Renters Deposits	(136)	-	(136)	-
Due to Other Governmental Units	-	(11,465)	(11,465)	-
Long-Term Liabilities:				
Due Within One Year:				
General Obligation Bonds	152,556	-	152,556	-
Revenue Bonds	704,924	979,555	1,684,479	-
Capital Leases	114,691	-	114,691	-
Compensated Absences	64,704	6,275	70,979	-
Due in More Than One Year:				
Compensated Absences	298,495	29,760	328,255	-
General Obligation Bonds	1,463,765	-	1,463,765	-
Revenue Bonds	2,451,746	12,669,959	15,121,705	-
Capital Leases	355,801	-	355,801	-
Net OPEB Liability	615,525	-	615,525	-
Net Pension Liability	9,592,471	1,639,412	11,231,883	-
Total Liabilities	<u>17,432,755</u>	<u>15,426,028</u>	<u>32,858,783</u>	<u>-</u>
Deferred Inflows				
Unavailable Revenue - Bond Premium	168,487	1,500,000	1,668,487	-
Unavailable Revenue - OPEB	86,524	-	86,524	-
Unavailable Revenue - Pension	531,211	27,880	559,091	-
Unavailable Revenue - Grants	2,243,819	-	2,243,819	-
Total Deferred Inflows of Resources	<u>3,030,041</u>	<u>1,527,880</u>	<u>4,557,921</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	13,999,289	15,728,344	29,727,633	-
Restricted for:				
Economic Development	1,080,029	-	1,080,029	-
Culture and Recreation	1,015,394	-	1,015,394	-
Public Safety	99,162	-	99,162	-
Debt Service	276,976	1,042,896	1,319,872	-
Unrestricted	<u>(4,077,807)</u>	<u>2,085,477</u>	<u>(1,992,330)</u>	<u>1,053,072</u>
Total Net Position	<u>\$ 12,393,043</u>	<u>\$ 18,856,717</u>	<u>\$ 31,249,760</u>	<u>\$ 1,053,072</u>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Government Activities							
General Government Administration	\$ 4,468,395	\$ 2,541,053	\$ -	\$ -	\$ (1,927,342)	\$ -	\$ (1,927,342)
Public Safety	6,155,870	867,333	-	-	(5,288,537)	-	(5,288,537)
Public Works	2,446,727	1,531,934	-	-	(914,793)	-	(914,793)
Economic Development	433,182	-	1,050,417	1,876,732	2,493,967	-	2,493,967
Culture and Recreation	737,029	25,094	-	-	(711,935)	-	(711,935)
Airport	112,891	-	-	-	(112,891)	-	(112,891)
Cemetery	163,279	49,215	-	-	(114,064)	-	(114,064)
Interest on Long-Term Debt	193,010	-	-	-	(193,010)	-	(193,010)
Total Governmental Activities	<u>14,710,383</u>	<u>5,014,629</u>	<u>1,050,417</u>	<u>1,876,732</u>	<u>(6,768,605)</u>	<u>-</u>	<u>(6,768,605)</u>
Business-Type Activities:							
Water & Sewer	7,033,376	6,632,786	-	-	-	(400,590)	(400,590)
Other Proprietary Funds	169,142	75,992	-	-	-	(93,150)	(93,150)
Total Business-Type Activities	<u>7,202,518</u>	<u>6,708,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(493,740)</u>	<u>(493,740)</u>
Total Primary Government	<u>\$ 21,912,901</u>	<u>\$ 11,723,407</u>	<u>\$ 1,050,417</u>	<u>\$ 1,876,732</u>	<u>(6,768,605)</u>	<u>(493,740)</u>	<u>(7,262,345)</u>
Component Unit							
Hartsville Museum Foundation, Inc.	\$ 73,698	\$ -	\$ -	\$ 79,639	\$ -	\$ -	\$ 5,941
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					2,845,158	-	2,845,158
Other Taxes					4,367,052	-	4,367,052
Franchise Fees					823,672	-	823,672
Payments in Lieu of Taxes					715,683	-	715,683
Unrestricted Investment Earnings					39,179	84,691	123,870
Unrealized Gain/(Loss) on Investments					-	-	-
Miscellaneous					411,639	129,265	540,904
Intergovernmental Revenues					176,685	-	176,685
Gain/(Loss) on Disposition of Assets					2,434	-	2,434
Transfers					(852,170)	852,170	-
Total General Revenues and Transfers					<u>8,529,332</u>	<u>1,066,126</u>	<u>9,595,458</u>
Change in Net Position					<u>1,760,727</u>	<u>572,386</u>	<u>2,333,113</u>
Net Position, Beginning of Year					<u>10,632,316</u>	<u>18,284,331</u>	<u>28,916,647</u>
Net Position, End of Year					<u>\$ 12,393,043</u>	<u>\$ 18,856,717</u>	<u>\$ 31,249,760</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 6,158,747	\$ -	\$ -	\$ 125	\$ 6,158,872
Receivables:					
Intergovernmental Receivable	527,503	-	-	-	527,503
Sanitation Receivable, Net	387,336	-	-	-	387,336
Property Tax Receivable, Net	199,461	-	-	2,431	201,892
Accounts Receivable, Net	9,100	-	-	276,856	285,956
Due from Other Funds	567,271	-	-	-	567,271
Restricted Cash	-	836,902	295,683	3,147,729	4,280,314
Total Assets	<u>\$ 7,849,418</u>	<u>\$ 836,902</u>	<u>\$ 295,683</u>	<u>\$ 3,427,141</u>	<u>\$ 12,409,144</u>
Liabilities					
Accounts Payable and Accrued Expenses	\$ 1,618,204	\$ -	\$ -	\$ 9	\$ 1,618,213
Compensated Absences	64,704	-	-	-	64,704
Renter Deposit	-	-	-	(136)	(136)
Due to Other Funds	-	-	-	578,733	578,733
Total Liabilities	<u>1,682,908</u>	<u>-</u>	<u>-</u>	<u>578,606</u>	<u>2,261,514</u>
Deferred Inflows					
Unavailable Revenue - Property Taxes	124,081	-	-	2,390	126,471
Unavailable Revenue - Grants	1,527,369	-	-	716,449	2,243,818
Total Deferred Inflows	<u>1,651,450</u>	<u>-</u>	<u>-</u>	<u>718,839</u>	<u>2,370,289</u>
Fund Balances					
Restricted for:					
Capital Projects	-	-	295,683	784,346	1,080,029
Culture, Recreation and Tourism	-	836,902	-	178,492	1,015,394
Public Safety	-	-	-	99,162	99,162
Debt Service	-	-	-	276,976	276,976
Committed To:					
Cemetery Care	100,786	-	-	-	100,786
Assigned to:					
Donations and Sponsorships	-	-	-	790,720	790,720
Unassigned	4,414,274	-	-	-	4,414,274
Total Fund Balances	<u>4,515,060</u>	<u>836,902</u>	<u>295,683</u>	<u>2,129,696</u>	<u>7,777,341</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 7,849,418</u>	<u>\$ 836,902</u>	<u>\$ 295,683</u>	<u>\$ 3,427,141</u>	<u>\$ 12,409,144</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total Fund Balances - Governmental Funds (Exhibit C) \$ 7,777,341

Amounts reported for governmental activities in the Statement of Net Position are different because:

Receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property Taxes 126,467

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$48,994,626 and the accumulated depreciation is \$29,751,854.

19,242,772

Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, not reported in the funds.

Deferred outflows of resources related to pensions (from pension schedule) 1,591,687

Deferred outflows of resources related to OPEB 190,972

Deferred inflows of resources related to OPEB (86,524)

Deferred inflows of resources related to pensions (from pension schedule) (531,211)

Deferred inflows of resources related to Bond Premiums (168,487)

Long-term liabilities, including debt premiums and deferred refunding charges, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General Obligation Bonds (1,463,765)

General Obligation Bonds - Current (152,556)

Revenue Bonds (2,451,746)

Revenue Bonds - Current (704,924)

Loan Payable -

Capital Leases (355,801)

Capital Leases - Current (114,691)

Net OPEB Liability (615,525)

Net Pension Liability (9,592,471)

Compensated Absences (298,495)

Total Net Position Governmental Activities (Exhibit A) \$ 12,393,043

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property Taxes	\$ 2,751,843	\$ -	\$ -	\$ 154,253	\$ 2,906,096
Other Taxes	2,599,161	1,218,552	-	549,339	4,367,052
Fee in Lieu	-	-	715,683	-	715,683
Franchise Fees	823,672	-	-	-	823,672
Licenses, Permits and Fees	2,601,018	-	-	-	2,601,018
Intergovernmental Revenue	176,685	-	-	-	176,685
Charges for Services	1,531,934	-	-	-	1,531,934
Fines and Forfeitures	39,647	-	-	-	39,647
Investment Earnings	39,146	-	-	-	39,146
Contributions and Donations	-	-	-	550,417	550,417
Rents	37,407	-	-	-	37,407
Fire Contract	756,277	-	-	-	756,277
Grants	-	-	-	1,972,229	1,972,229
Miscellaneous	423,483	-	6,000	30,501	459,984
	<u>11,780,273</u>	<u>1,218,552</u>	<u>721,683</u>	<u>3,256,739</u>	<u>16,977,247</u>
Total Revenues					
Expenditures					
Current					
General Government	3,919,977	-	-	-	3,919,977
Public Safety	5,674,212	-	-	14,470	5,688,682
Public Works	2,200,957	-	-	-	2,200,957
Economic Development	-	120,915	7,196	276,292	404,403
Culture and Recreation	662,918	-	-	-	662,918
Airport	101,614	-	-	-	101,614
Cemetery	146,875	-	-	-	146,875
Capital Outlay	146,009	-	55,383	489,295	690,687
Debt Service					
Principal	219,156	80,000	393,436	1,051,000	1,743,592
Interest	80,152	20,165	35,481	85,222	221,020
	<u>13,151,870</u>	<u>221,080</u>	<u>491,496</u>	<u>1,916,279</u>	<u>15,780,725</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,371,597)</u>	<u>997,472</u>	<u>230,187</u>	<u>1,340,460</u>	<u>1,196,522</u>
Other Financing Sources (Uses)					
Bond Proceeds				1,090,321	1,090,321
Bond Issuance Costs	-	-	-	(63,725)	(63,725)
Sale of Capital Assets	2,434	-	-	-	2,434
Transfers In	2,065,177	92,500	-	3,326	2,161,003
Transfers Out	(3,326)	(1,018,835)	(150,584)	(1,840,429)	(3,013,174)
	<u>2,064,285</u>	<u>(926,335)</u>	<u>(150,584)</u>	<u>(810,507)</u>	<u>176,859</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	692,688	71,137	79,603	529,953	1,373,381
Fund Balances, Beginning of Year	<u>3,822,372</u>	<u>765,765</u>	<u>216,080</u>	<u>1,599,743</u>	<u>6,403,960</u>
Fund Balances, End of Year	<u>\$ 4,515,060</u>	<u>\$ 836,902</u>	<u>\$ 295,683</u>	<u>\$ 2,129,696</u>	<u>\$ 7,777,341</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Total Net Change In Fund Balances - Governmental Funds (Exhibit E)	\$ 1,373,381
 Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$509,292 is less than depreciation expense of \$1,464,6638 in the period.	(955,371)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,195,436
Bond premium provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	24,070
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(1,090,321)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	112,528
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenue increased in the current year.	(156,431)
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amount earned was more than vacation used by this amount.	8,869
Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	267,949
Changes in the City's proportionate share of the net OPEB 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.	<u>(19,383)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,760,727</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS
June 30, 2023

Assets

Current Assets:

Cash and Cash Equivalents	\$ 3,841,592
Accounts Receivable, Net	2,133,474
Inventory	<u>211,978</u>

Total Current Assets 6,187,044

Non-Current Assets:

Land	145,904
Construction in Progress	1,846,811
Capital Assets, Net	<u>27,402,983</u>

Total Non-Current Assets 29,395,698

Deferred Outflows of Resources

Prepaid Pension Cost	<u>227,883</u>
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Total Assets and Deferred Outflows of Resources 35,810,625

Liabilities

Current Liabilities:

Accounts Payable and Accrued Expenses	65,669
Accrued Interest Payable	46,863
Due to Other Funds	(11,465)
Current Portion of Compensated Absences	6,275
Current Portion of Revenue Bonds Payable	<u>979,555</u>

Total Current Liabilities 1,086,897

Long-Term Liabilities:

Compensated Absences	29,760
Net Pension Liability	1,639,412
Revenue Bonds Payable	<u>12,669,959</u>

Total Liabilities 15,426,028

Deferred Inflows of Resources

Unavailable Revenue - ARPA	1,500,000
Unavailable Revenue - Pension	<u>27,880</u>

Net Position

Net Investment in Capital Assets	15,728,344
Restricted for Debt Service	1,042,896
Unrestricted	<u>2,085,477</u>

Total Net Position \$ 18,856,717

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Water, Sewer & Water Park	Other Proprietary Funds	Total Proprietary Funds
Operating Revenues			
Charges for Services			
Water Charges	\$ 2,485,482	\$ 80	\$ 2,485,562
Sewer Charges	2,648,149	-	2,648,149
Taps	27,247	-	27,247
Penalties	127,663	-	127,663
Other Fees and Charges	63,750	-	63,750
Waterpark	1,280,495	-	1,280,495
Concessions	-	75,718	75,718
Miscellaneous	7,949	194	8,143
Tower Leases	121,316	-	121,316
	<u>6,762,051</u>	<u>75,992</u>	<u>6,838,043</u>
Total Revenues			
Operating Expenses			
Advertising	40,042	-	40,042
Bad Debt Recovery	36,955	-	36,955
Contract Services	1,552,231	4,283	1,556,514
Depreciation	1,472,901	9,983	1,482,884
Dues and Subscriptions	1,938	-	1,938
Employee Benefits	90,424	7,986	98,410
Equipment	13,428	-	13,428
Food	222,897	-	222,897
Grant Match	537,363	-	537,363
Insurance	388,040	9,420	397,460
Legal and Professional	68,252	-	68,252
Miscellaneous	48,760	-	48,760
Office Supplies	9,949	140	10,089
Payroll Taxes	115,098	4,988	120,086
Postage	21,365	-	21,365
Repairs and Maintenance	176,235	10,785	187,020
Salaries	846,873	77,049	923,922
Supplies	255,910	43,568	299,478
System Repairs and Maintenance	175,335	812	176,147
Telephone	29,070	-	29,070
Training	21,964	-	21,964
Uniforms	29,680	128	29,808
Utilities	121,114	-	121,114
Vehicle Expense	102,687	-	102,687
Water Testing Fees	37,864	-	37,864
	<u>6,416,375</u>	<u>169,142</u>	<u>6,585,517</u>
Total Operating Expenses			
Operating Income / (Loss)	<u>345,676</u>	<u>(93,150)</u>	<u>252,526</u>
Non-Operating Income (Expense)			
Investment Income	84,691	-	84,691
Interest Expense	(596,259)	-	(596,259)
Lease Principal Payments	(20,742)	-	(20,742)
	<u>(532,310)</u>	<u>-</u>	<u>(532,310)</u>
Total Non-Operating Income (Expense)			
Income Before Contributions and Transfers	<u>(186,634)</u>	<u>(93,150)</u>	<u>(279,784)</u>
Operating Transfers In	2,252,170	98,706	2,350,876
Operating Transfers Out	(1,498,706)	-	(1,498,706)
	<u>753,464</u>	<u>98,706</u>	<u>852,170</u>
Total Transfers			
Change in Net Position	566,830	5,556	572,386
Net Position, Beginning of Year	<u>17,732,286</u>	<u>552,045</u>	<u>18,284,331</u>
Net Position, End of Year	<u>\$ 18,299,116</u>	<u>\$ 557,601</u>	<u>\$ 18,856,717</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 7,114,365
Cash Paid to Suppliers	(4,273,892)
Cash Paid To Employees	<u>(923,922)</u>
Net Cash Provided by Operating Activities	<u>1,916,551</u>
Cash Flows From Non-Capital Financing Activities	
Operating Transfers Between Funds (net)	852,170
(Decrease) in Due to Other Funds	<u>(11,465)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>840,705</u>
Cash Flows from Capital and Related Financing Activities	
Receipt of ARPA funds	1,500,000
Purchases of Capital Assets	(3,431,415)
Disposal of Capital Assets	1,548,208
Principal Paid on Capital Leases	(20,742)
Principal Paid on Capital Debt	(927,786)
Interest Paid on Capital Debt	<u>(596,259)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,927,994)</u>
Cash Flows from Investing Activities	
Interest Income	<u>84,691</u>
Net Cash Provided by Investing Activities	<u>84,691</u>
Net Increase in Cash and Cash Equivalents	913,953
Cash and Cash Equivalents, Beginning of Year	<u>2,927,639</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,841,592</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023
(Continued)

EXHIBIT I
(Continued)

Operating Income	\$	252,526
Adjustments to Reconcile Operating Income to Net Cash Provided		
By Operating Activities:		
Depreciation		1,482,884
(Increase) in Accounts Receivable, Net		276,322
(Increase) in Inventory		13,323
Decrease in Deferred Cost		(293,542)
(Decrease) in Net Pension Liability		226,991
Increase in Accounts and other Payables		<u>(41,953)</u>
Net Cash Provided by Operating Activities	\$	<u>1,916,551</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS

Current Assets - Cash and Cash Equivalents	\$	<u>3,841,592</u>
Total Cash and Cash Equivalents	\$	<u>3,841,592</u>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023**

	<u>Agency Funds</u>
Assets	
Cash	\$ 158,936
Accounts Receivable	881
Capital Assets, Net	<u>128,311</u>
Total Assets	<u><u>\$ 288,128</u></u>
Net Position	
Unrestricted - Other Governments	<u>\$ 288,128</u>
Total Net Position	<u><u>\$ 288,128</u></u>

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	Agency Funds
Additions	
Business License Collections - Other Governments	\$ 41,010
Miscellaneous	7,795
Total Additions	48,805
Deductions	
Park Maintenance	20,176
Depreciation	411
Total Deductions	20,587
Net Increase (Decrease) in Fiduciary Net Position	28,218
Net Position - Beginning of Year	259,910
Net Position - End of Year	\$ 288,128

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

The City of Hartsville, South Carolina was chartered in 1891 and incorporated in 1906. The City operates under the council-manager form of government. Under this form of government, the City is governed by six council members elected from single-member districts and a mayor elected at large who serves as council chair. The Council is the legislative body of the City and has the major responsibility for determining the policies and direction of the municipal government. The City Manager reports to Council and is responsible for the City's daily operations. The City provides the following services: general administrative services, public safety, health and social services, development and planning, culture and recreation and public improvements.

The financial statements of the City of Hartsville have been prepared in conformity with accounting principles generally accepted in the United States of America, (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Following are the more significant of the City's accounting policies.

A. Reporting Entity

In evaluating how to define the City of Hartsville, South Carolina, for financial reporting purposes, management has considered all potential component units. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the City of Hartsville and its component units, entities for which the City is considered to be financially accountable or for which exclusion of a component unit would render the financial statements incomplete or misleading. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the City. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of *GASB's Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Hartsville has three component units.

Discretely Presented Component Unit: Hartsville Museum Foundation, Inc. (the "Foundation") is a discretely presented component unit. The Foundation is a non-profit private foundation that raises money on behalf of the Hartsville Museum. Because the nature and significance of the relationship between the City and the Foundation is such that the exclusion of the Foundation would cause the City basic financial statements to be incomplete, the financial statements of the Foundation are included in those of the City. Separate financial statements for the Hartsville Museum Foundation, Inc. are not issued.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Blended Component Unit: Hartsville Public Development Corporation, Inc. (the “Corporation”) was created by City of Hartsville as a Nonprofit Corporation under the laws of the State of South Carolina for the specific purpose of providing support for the capital projects of the City. The board members are appointed by City Council. Because the Corporation exclusively benefits the City, the Corporation’s financial information is blended with that of the City in the basic financial statements. Separate financial statements for Hartsville Public Development Corporation, Inc. are not issued.

Blended Component Unit: Hartsville Public Facilities Corporation, Inc. (the “Corporation”) was created by City of Hartsville as a Nonprofit Corporation under the laws of the State of South Carolina for the specific purpose of providing financial support for the capital projects of the City. The board members are appointed by City Council. Because the Corporation exclusively benefits the City, the Corporation’s financial information is blended with that of the City in the basic financial statements. Separate financial statements for Hartsville Public Development Corporation, Inc. are not issued.

B. Basis of Presentation

The City’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the City, except fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Program revenues include charges paid by the recipients of goods or services offered by the program and grant and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect cost.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund, Hospitality Tax Fund and Infrastructure Fund are the City's major governmental funds.

General Fund

The *General Fund*, a major fund, is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund

The *Special Revenue Fund*, a non-major fund, is used to account for revenues and expenditures from a variety of grants and/or donations that are to be used for specific purposes. These include, but are not limited to, public safety operating grants, airport capital grants, and donations to be used for construction of recreation facilities.

Special Projects Fund

The *Special Projects Fund*, a non-major fund, is used to account for revenues and expenditures from a variety of grants and/or donations that are to be used for specific purposes.

Narcotics Fund

The *Narcotics Fund*, a non-major fund, is used to account for revenues and expenditures from drug seized monies.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Hartsville Public Development Corporation

The *Hartsville Public Development Corporation*, a non-major fund, is used to provide support for the capital projects of the City.

Accommodations Tax Fund

The *Accommodations Tax Fund*, a non-major fund, is used to account for taxes levied on accommodations within the city. Proceeds from accommodations tax are allocated to a special fund for tourism.

Infrastructure Park Fund

The *Infrastructure Park Fund*, a major fund, is used to account for special assessment taxes levied on property located within the park, payments to improve the park and payment to reduce debt associated with the park.

The *Community Development Fund – Canal District*, a non-major fund, is used to collect taxes levied for the district to maintain the upkeep of the district area.

Hospitality Tax Fund

The *Hospitality Tax Fund*, major fund, is used to account for taxes levied on prepared foods and beverages located within the city. Proceeds from hospitality tax must be used exclusively for (1) tourism related buildings; (2) tourism related cultural, recreational, or historical facilities; (3) beach access and re-nourishment; (4) highways, roads, streets, and bridges providing access to tourist destinations; (5) advertisements and promotions related to tourism development; or (6) water and sewer infrastructure to serve tourism related demand.

Debt Service Funds

The *Debt Service Fund*, a non-major fund, is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related cost of the City other than debt service payments made by enterprise funds.

The *Hartsville Public Facilities Corporation*, a non-major fund, is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related cost of the City other than debt service payments made by enterprise funds.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the City's proprietary fund:

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Enterprise Funds

Enterprise funds are used to account for business-like 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. The enterprise funds are as follows:

Water, Sewer and Water Park Fund. Accounts for monies collected from charges for services of water, sewer and water park fees.

Storm Water Fund. Accounts for monies collected from service charges related to storm water fee residents inside city limits.

Recreation Concessions Fund. Accounts for monies collected from admission to ball fields and concession sales.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The City has one fiduciary fund which is an agency fund.

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is as follows:

Parking and Beautification Fund. Accounts for monies collected from district franchise taxes and parking fees as well as operating expenses of the Hartsville Parking, Beautification and Business Improvement Commission.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

the manner in which governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the Proprietary Fund, is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases and decreases in total net position. The statement of cash flows reflects how the city finances and meets the cash flow of its proprietary fund.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Items such as property taxes, state shared revenue, federal and state grant programs are considered to be susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for the general obligation bond principal and interest and compensated absences, which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and certificates of deposits.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible taxes receivables are based upon historical trends and the periodic aging of taxing receivables. Major receivable balances for the governmental activities include property taxes, state shared revenue and grants. Property taxes receivables are carried at cost less an allowance for uncollectible.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, state shared revenue and grants if they are both measurable and available. Non-exchange transactions collectible but not available, such as property taxes, are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. All trade and property tax receivables are recorded net of any allowances for uncollectible.

F. Inventories

Inventories of material and supplies in the proprietary fund are stated at cost on a first-in/first-out (FIFO) method.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

H. Capital Assets

The accounting treatment over property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for estimated historical cost was used to value many of the assets acquired prior to July 1, 2002. The City maintains a capitalization policy of \$5,000 for its capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized. Interest incurred during construction is not capitalized for general capital assets.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Public domain infrastructure	25-50 years
Improvements	10-50 years
Utility system	10-50 years
Vehicles	3-5 years
Furniture and Equipment	3-20 years

Fund Financial Statements

In the fund financial statements, fixed assets in Governmental Fund operations are accounted for as capital outlay expenditures of the Governmental Fund upon acquisition. Fixed assets used in Proprietary Fund operations are accounting for the same as in government-wide statements

I. Short-term Inter-fund Receivables/Payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial balance sheet. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

J. Compensated Absences

The City reports Compensated Absences in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences. The City's policies regarding vacation and sick leave are based on years of service, with a total of 7.5 to 18 days of vacation and 12 days of sick leave per year accumulated by each employee. However, employees are not paid for the accumulated sick leave upon retirement or other termination and, therefore, no liability has been accrued in the financial statements for accumulated sick leave. Each employee may accumulate a maximum of 45 days for vacation.

The entire compensated absence liability for unused vacation is reported on the government-wide financial statements. In the fund financial statements, Governmental Funds report only the compensated absence liability payable from expendable available financial resources. For the Proprietary Fund, the entire amount of compensated absences is reported as a fund liability.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

K. Deferred Outflows of Resources

In addition to assets, the City reports deferred outflows of resources in a separate section of its government wide and proprietary fund statements. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period. The City only has two deferred outflows arising from prepaid cost related to the GASB 68 pension liability and prepaid cost related to the GASB 75 OPEB Liability.

L. Deferred Inflows of Resources

In addition to liabilities, the City reports deferred inflows of resources in a separate section of its government-wide, governmental fund and proprietary fund statements. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period. The City has two types of items which occur because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet. The second item is future pension revenues related to the GASB 68 pension liability.

M. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in Governmental Fund operations or Proprietary Fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Bond issuance costs are expensed in the fund financial statements in the year they are incurred. The long-term debt consists primarily of bonds payable, capital leases, and accrued compensated absences.

Long-term debt for government funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for Proprietary Funds is the same in the fund statements as it is in the government-wide statements.

N. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets. This consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, constructions, or improvements of those assets.
- b. Restricted net position. This consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

N. Equity Classifications (continued)

- c. Unrestricted net position. All other net position that does not meet the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

The City classifies governmental fund balances as follows:

- Non-spendable—Includes amounts that inherently cannot be spent either because they are not in a spendable form (i.e., prepaids, inventories, long-term loan receivables, etc.) or because they are legally or contractually required to be maintained intact (i.e., principal on an endowment, etc.).
- Restricted—Includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.
- Committed—Includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by City Council, which is the highest level of decision-making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned—Includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed, designated by Council before the end of the reporting period.
- Unassigned—Includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of 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. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Proprietary fund equity is classified the same as in the government-wide statements.

The City generally uses restricted amounts first when both restricted and unrestricted (committed, assigned and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

O. Operating and Non-Operating Revenues and Expenses

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Operating expenses for the Proprietary Fund include costs of sales, administrative expenses and depreciation of capital assets. All other expenses are reported as non-operating expenses.

P. Capital Contributions

Contributions of capital on government-wide and enterprise fund financial statements arise from outside contributions of capital assets, contributions from other funds or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Inter-fund Transactions

Transactions between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

S. Statement of Cash Flows

For purposes of the statement of cash flows, the City's Proprietary Fund considers cash and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include certificates of deposits, treasury bills and money market funds.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

T. Pensions

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

U. Leases

According to GASB Statement No. 87 ("GASB 87"), a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under new guidelines for accounting and reporting of lease in accordance with GASB 87, which became effective beginning with fiscal year 2022. Any impacts from GASB 87 are to be reflected in the government-wide or proprietary fund statements. There is no impact on the fund financial statements. Based on the applicable criteria, management has determined that the City is not party to any agreement (either as lessee or lessor) that meets the criteria described in GASB 87 as of June 30, 2023.

Note 2. Deposits and Investments

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institutions trust department or agent in the name of the City. As of June 30, 2023, \$8,947,350 of the City's bank balance of \$15,400,383, which has a carrying value of \$15,240,890, was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank in the City's name	<u>\$8,947,350</u>
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Note 3. Restricted Cash

Certain resources, which have been set aside for grant expenditures are classified as restricted cash on the Special Revenue Fund balance sheet because their use is limited. The amount of restricted cash held by the Special Revenue Fund amounted to \$642,818 as of June 30, 2023.

Note 4. Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4. Property Taxes (continued)

subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the Darlington County Auditor. Taxes are levied in October and are due and payable at that time. Property taxes are due by January 15, and penalties are imposed as follows: 3% prior to February 1, an additional 7% prior to March 15, and an additional 5% after March 15.

Receivables as of year-end for the City's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds	Enterprise Funds	Total
Receivables:			
Taxes	\$ 394,274	\$ -	\$ 394,274
Accounts	285,956	2,486,748	2,772,704
Intergovernmental	527,503	-	527,503
Sanitation	645,078	-	645,078
Gross Receivables	1,852,811	2,486,748	4,339,559
Less Allowance for Uncollectible	(450,124)	(353,274)	(803,398)
Net Total Receivables	\$ 1,402,687	\$ 2,133,474	\$ 3,536,161

Note 5. Inter-fund Receivables and Payables

Inter-fund balances at June 30, 2023, (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Due to/from other funds:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 567,271	\$ -
Special Revenue Funds	-	578,736
Proprietary Fund	-	(11,465)
Totals	\$ 567,271	\$ 567,271

Inter-fund receivables and payables are mainly due to temporary cash expenditures from the General Fund to cover accounts payable and payroll activity.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-depreciable Assets:					
Land	\$ 7,683,556	\$ -	\$ -	\$ -	\$ 7,683,556
Construction in Progress	57,301	280,813	-	-	338,114
Depreciable Assets					
Building and Systems	3,131,903	38,678	-	-	3,170,581
Infrastructure	27,527,074	20,210	-	-	27,547,284
Machinery and Equipment	10,093,300	169,591	(7,800)	-	10,255,091
Totals	<u>48,493,134</u>	<u>509,292</u>	<u>(7,800)</u>	<u>-</u>	<u>48,994,626</u>
Less Accumulated Depreciation For:					
Building and Systems	1,898,908	99,615	-	-	1,998,523
Infrastructure	17,902,243	826,629	-	-	18,728,872
Machinery and Equipment	8,493,840	538,419	(7,800)	-	9,024,459
Total Accumulated Depreciation	<u>28,294,991</u>	<u>1,464,663</u>	<u>(7,800)</u>	<u>-</u>	<u>29,751,854</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,198,143</u>	<u>\$ (955,371)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,242,772</u>
Business-Type Activities:					
Non-depreciable Assets:					
Land	\$ 145,904	\$ -	\$ -	\$ -	\$ 145,904
Construction in Progress	1,762,017	1,633,004	-	(1,548,210)	1,846,811
Depreciable Assets					
Building and Systems	424,512	-	-	-	424,512
Infrastructure	35,306,822	1,559,776	-	-	36,866,598
Machinery and Equipment	2,922,912	151,975	(18,870)	-	3,056,017
Waterpark	9,963,551	86,660	-	-	10,050,211
Totals	<u>50,525,718</u>	<u>3,431,415</u>	<u>(18,870)</u>	<u>(1,548,210)</u>	<u>52,390,053</u>
Less Accumulated Depreciation For:					
Building and Systems	137,406	7,588	-	-	144,994
Infrastructure	17,088,542	881,007	-	-	17,969,549
Machinery and Equipment	2,545,757	192,800	(18,870)	-	2,719,687
Waterpark	1,758,637	401,489	-	-	2,160,126
Total Accumulated Depreciation	<u>21,530,342</u>	<u>1,482,884</u>	<u>(18,870)</u>	<u>-</u>	<u>22,994,356</u>
Business-Type Activities Capital Assets, Net	<u>\$ 28,995,376</u>	<u>\$ 1,948,531</u>	<u>\$ -</u>	<u>\$ (1,548,210.00)</u>	<u>\$ 29,395,697</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General Government	\$ 438,227
Public Safety	635,371
Public Works	245,770
Culture and Recreation	74,112
Economic Development	43,500
Airport	11,278
Cemetery	<u>16,404</u>
 Total Depreciation Expense- Governmental Activities	 <u><u>\$ 1,464,662</u></u>

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2023:

	Expenditures To Date	Total Contract	Contract Payments Remaining
Governmental Activities:			
Airport Runway Rehab	152,917		(152,917)
Canal District	28,484	Unknown	Unknown
City Wide Security Camera Upgrade	140,733	Unknown	Unknown
Demo - 111 N. Fifth Street	<u>15,980</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 338,114</u>	 <u>\$ -</u>	 <u>\$ (152,917)</u>
Business-Type Activities:			
Industrial Park	\$ 40,445	\$ 40,445	\$ -
Storm Water	297,727	297,727	-
Drainage	323,900	323,900	-
Smith Street Well Project	1,167,927	Unknown	Unknown
SCIIP	<u>16,812</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 1,846,811</u>	 <u>\$ 662,072</u>	 <u>\$ -</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2023, are as follows:

Accounts Payable	\$ 1,249,782
Accrued Payroll, Withholdings, Fringe and Benefits	<u>368,431</u>
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u><u>\$ 1,618,213</u></u>

Note 8. Long-term Debt

Governmental Activities:

As of June 30, 2023, the governmental long-term debt consisted of general obligation bonds, revenue bonds and compensated absences.

General Obligation Bonds

On May 18, 2017, the City issued Series 2017 General Obligation Bonds totaling \$600,000 with principal and interest payments due June 1st of each year. The bonds range in maturity dates from 2018 to 2027. The interest rate is fixed at 2.43%.

On May 16, 2023, the City issued Series 2023 General Obligation Bond totaling \$1,090,321 with principal and interest payments due June 1st of each year. The bond matures June 2037. The interest rate is fixed at 4.27%.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 152,556	\$ 61,279	\$ 213,835
2025	159,317	55,158	214,475
2026	163,410	50,745	214,155
2027	167,700	46,214	213,914
2028	48,305	41,562	89,867
2029-2033	425,689	168,835	594,524
2034-2037	<u>499,344</u>	<u>54,419</u>	<u>553,763</u>
	<u><u>\$ 1,616,321</u></u>	<u><u>\$ 478,212</u></u>	<u><u>\$ 2,094,533</u></u>

Revenue Bonds Payable

On February 5, 2014, the City issued Series 2014B Improvement Special Source Revenue Bonds totaling \$2,900,000 with principal and interest payments due on annually on February 1st. The bonds range in maturity dates from 2015 to 2025. The interest rate is 2.92%.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Long-term Debt (continued)

On August 5, 2020, the Hartsville Facilities Development Corporation issued Series 2020 Revenue Bonds totaling \$2,900,000 with principal payments due annually on June 1st and interest payments due semi-annually on December 1st and June 1st. The bonds range in maturity dates from 2022 to 2030. The interest rate is 2.00%.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 704,924	\$ 86,518	\$ 791,442
2025	726,746	62,694	789,440
2026	325,000	38,125	363,125
2027	335,000	25,125	360,125
2028-2030	1,065,000	49,395	1,114,395
	<u>\$ 3,156,670</u>	<u>\$ 261,857</u>	<u>\$ 3,418,527</u>

Capital Lease Payable

On December 15, 2021, the City Issued a Lease Purchase Finance 2021A and 2021B totaling \$700,000 with principal and interest payments due annually on June 1st. The lease range in maturity dates from 2024 to 2027. The interest rate is 1.74%.

The following is a schedule of the future minimum lease payment under capital lease, and the present value of the net minimum lease payments at June 30, 2023.

Year Ending 30-Jun	Governmental Activities
2024	\$ 122,878
2025	122,212
2026	122,714
2027	<u>123,348</u>
Total Minimum Lease Payments	491,152
Less: Amount Representing Interest	<u>(20,660)</u>
Present Value of Minimum Lease Payments	<u>\$ 470,492</u>

Loan Payable

On March 21, 2018, the City obtained a mortgage Line-of-Credit with the Byerly Foundation of \$1,500,000. At the end of June 30, 2023, the City had an outstanding balance of \$0. On May 16, 2023, the City issued a general obligation bond to pay off the Byerly Foundation note. The total amount was paid off with \$1,000,000 from the 2023 GO Bond and \$500,000 in forgiveness of debt by the foundation. The loan has been paid in full as of June 30, 2023.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Long-term Debt (continued)

Business-type Activities:

Revenue Bonds

On August 13, 2015 the City issued Series 2015 Waterworks and Sewer System Improvement Refunding Revenue Bonds totaling \$7,780,000 with principal and interest payments due semiannually on June and December 1st. The bonds range in maturity dates from 2015 to 2029. The interest rate ranges from 3.00% to 4.00%.

On November 29, 2018, the City issued a Combined System Improvement Revenue Bonds, Series 2018 (second lien) totaling \$9,735,000 with principal and interest due June 1st and interest only payments due December 1st. The interest rate is 3.00% until 2022 and increases to 4.00% from 2023 – 2038.

On January 20, 2022, the City issued a Combined System Revenue Bond, Series 2022 (State Drinking Water Revolving Loan Fund) totaling \$1,477,300 with principal and interest due quarterly beginning December 1, 2022. The interest rate is 1.50%. The bond matures in 2042.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	979,555	509,881	1,489,436
2025	1,015,528	472,307	1,487,835
2026	1,056,517	433,318	1,489,835
2027	1,097,520	372,115	1,489,835
2028	1,138,539	350,497	1,489,835
2029-2033	3,938,517	1,201,859	6,290,977
2034-2038	4,071,386	495,391	4,569,976
2039-2043	351,952	11,997	2,913,376
	<u>\$ 13,649,514</u>	<u>\$ 3,847,365</u>	<u>\$ 21,221,105</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8. Long-term Debt (continued)

The following is a summary of changes in long-term obligations of the City as of June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities:</i>					
G.O. Bonds	\$ 538,000	\$ 1,090,321	\$ (12,000)	\$ 1,616,321	\$ 126,800
Revenue Bond	3,840,106	-	(683,436)	3,156,670	704,924
Capital Lease	583,020	-	(112,528)	470,492	114,691
Note Payable	1,500,000	-	(1,500,000)	-	-
Compensated Absences	<u>332,428</u>	<u>363,199</u>	<u>(332,428)</u>	<u>363,199</u>	<u>64,704</u>
Totals	<u>\$ 6,793,554</u>	<u>\$ 1,453,520</u>	<u>\$ (2,640,392)</u>	<u>\$ 5,606,682</u>	<u>\$ 1,011,119</u>
<i>Business-Type Activities:</i>					
Revenue Bonds	\$ 14,577,300	\$ -	\$ (927,786)	\$ 13,649,514	\$ 979,555
Compensated Absences	<u>43,871</u>	<u>36,035</u>	<u>(43,871)</u>	<u>36,035</u>	<u>6,275</u>
Totals	<u>\$ 14,621,171</u>	<u>\$ 36,035</u>	<u>\$ (971,657)</u>	<u>\$ 13,685,549</u>	<u>\$ 985,830</u>

Note 9. Debt Limitations

The amount of legal debt margin as of June 30, 2023, is computed as follows:

Total Assessed Value	<u>\$ 24,319,660</u>
Debit Limit (8% of Assessed Value)	\$ 1,945,573
Amount of Debt Applicable to Debt Limit	<u>(1,616,321)</u>
Legal Debt Margin	<u>\$ 329,252</u>

Note 10. Employee Retirement Systems

Description of the Entity- The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the SC 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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

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

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

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

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 for police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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 first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

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. 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.

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. The Retirement Funding and Administration Act of 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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in the statute.

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

Required employee contribution rates are as follows:

SCRS	<u>Fiscal Year 2023*</u>	<u>Fiscal Year 2022*</u>
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

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

Required employer contributions are as follows:

SCRS	<u>Fiscal Year 2023*</u>	<u>Fiscal Year 2022*</u>
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

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, 2022, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
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 service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
¹ Includes 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, 2022, TPL are as follows:

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

Net Pension Liability- The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	8,937,686,946	5,938,707,767	2,998,979,179	66.4%

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NOTES TO FINANCIAL STATEMENTS
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Note 10. Employee Retirement Systems (continued)

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.

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 rate of returns represents 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. 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.

Asset Class	Asset Allocation (%)	Expected Arithmetic Rate of (%)	Long Term Expected Portfolio (%)
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity**	9.0%	8.75%	0.79%
Private Debt**	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate**	9.0%	4.12%	0.37%
Infrastructure**	3.0%	5.88%	<u>0.18%</u>
Total Expected Return***	<u>100.0%</u>		4.79%
Inflation of Actuarial Purposes			<u>2.25%</u>
			<u><u>7.04%</u></u>

**RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

***Portable 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 15% 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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

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 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
System			
SCRS	\$ 8,504,701	\$ 6,633,294	\$ 5,077,462
PORS	\$ 6,412,453	\$ 4,598,587	\$ 3,113,767

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- At June 30, 2023, the City reported a liability of \$6,633,294 for the SCRS and \$4,598,587 for the PORS for a total of \$11,231,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating state entities, actuarially determined. At June 30, 2023, the City’s proportion was 0.027363 percent for the SCRS and 0.153340 percent for the PORS measured as of June 30, 2022.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 10. Employee Retirement Systems (continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 134,891	\$ 119,809
Changes of assumptions	404,238	-
Net difference between projected and actual earnings on pension plan investments	24,117	-
Changes in proportion and differences between District contributions and proportionate share of contributions	45,970	439,282
Town contributions subsequent to measurement date	<u>1,210,354</u>	<u>-</u>
Total	<u>\$ 1,819,570</u>	<u>\$ 559,091</u>

The City's contributions subsequent to the measurement date of \$1,210,354 are reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that 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 related to pensions will be recognized in the pension expense as follows:

Year Ended June 30:	<u>SCRS</u>	<u>PORS</u>	<u>Combined</u>
2023	\$ 21,469	\$ 29,049	\$ 50,518
2024	61,065	(14,116)	46,949
2025	(188,504)	(210,688)	(399,192)
2026	<u>173,097</u>	<u>178,753</u>	<u>351,850</u>
Total	<u>\$ 67,127</u>	<u>\$ (17,002)</u>	<u>\$ 50,125</u>

Payables to the Pension Plan- The City reported a payable to PEBA as of June 30, 2023, in the amount of \$200,925, representing required employer and employee contributions for the month of June 2023 for the plans. This amount is included in Accrued Expenses on the financial statements and was paid in July 2023.

Note 11. Other Post-Employment Benefits (OPEB)

Plan Description. The city is a member of the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer healthcare plan that provides employment and postemployment healthcare benefits. Participants must be eligible to retire and have 10 or more years of earned South Carolina Retirement System service credit with a participating state insurance program employer, with the last five years of employment consecutive and in a full-time position with the City to receive benefits upon retirement. Disabled retirees who meet the same criteria above will be eligible to participate in the City's health and dental plan. The plan offers medical and dental insurance benefits for eligible retirees and their spouses. The City pays the employer portion of the employee-only premium for retiree-only medical and dental coverage (including associated experience load), and the retiree pays the rest of the premium (including associated experience load).

**CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 11. Other Post-Employment Benefits (OPEB) (continued)

Effective January 1, 2017, the City pays \$375.32 of the medical premium and \$13.48 of the dental premium. The City's contribution is available to:

- Retire participants as of July 1, 2009
- Active participants hired prior to July 1, 2009 who have at least 10 years of City service at the time of retirement.
- Participants hired on or after July 1, 2009 who have at least 25 years of City service at the time of retirement.

Rehired retirees whose service break began and ended with the city and were originally hired prior to 2009 receive credit for their prior service and are treated according to their original date of hire. All other rehired retirees are treated as new hires.

Upon reaching age 65, all retirees become responsible for their own premiums. Health care and dental insurance are offered in the City's Other Post-Employment Benefits Plan.

The retiree may continue dependent coverage (and pay the full premium for this coverage) if enrolled in dependent coverage at the time of retirement. Surviving spouses may continue coverage, and they will inherit their spouse's City contribution until Medicare eligibility, if applicable.

The following table summarizes the membership of the plan as of December 31, 2020, the valuation date:

	Number
Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	129
Total Membership	146

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

Actuarial assumptions and other inputs – The TOL was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and other inputs.

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	2.06%
Measurement Date	3.72%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

The discount rate used to measure the TOL was based upon the long-term expected rate of return.

Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the results of the 2020 actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2020 valuation were based on a review of recent plan experience done concurrently with the December 31, 2020 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	58.00%	4.00%
US Govt MBS/CMO/CMBS	40.00%	5.60%
Cash and Short Duration (Net)	<u>2.00%</u>	<u>3.90%</u>
Total	100.00%	

Note: In accepting the long-term expected return for the Plan, the actuary performed a high level review of the information provided by the Plan. Our review indicates the long-term expected rate of return assumption of 4.75% is reasonable.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2020. In addition to the actuarial methods and assumptions of the December 31, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the full ADEC through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Sensitivity of Net OPEB Liability to Health Care Cost Trend Rates: The following exhibit presents the NOL of the Plan, calculated using current health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than current rates.

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 470,509	\$ 615,525	\$ 789,869

Sensitivity of Net OPEB Liability to Discount Rates: This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibits present the NOL of the Plan, calculated using the discount rate of 4.75%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity			
	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 732,598	\$ 615,525	\$ 511,760

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balance as of December 31, 2021	\$ 1,242,655	\$ 759,242	\$ 483,413
Changes for the year:			
Service Cost at the end of the year*	39,660	0	39,660
Interest on TOL and Cash Flows	57,123	0	57,123
Change in benefit terms	0	0	0
Difference between expected and actual experience	1,712	0	1,712
Changes of assumptions or other inputs	0	0	0
Contributions – employer	0	81,073	(81,073)
Contributions – non-employer	0	0	0
Net investment income	0	(113,440)	113,440
Benefit payments and implicit subsidy credit**	(81,073)	(81,073)	0
Plan administrative expenses***	0	(1,250)	1,250
Other	0	0	0
Net changes	<u>\$ 17,422</u>	<u>\$ (114,690)</u>	<u>\$ 132,112</u>
Balance as of December 31, 2022	<u>\$ 1,260,077</u>	<u>\$ 644,552</u>	<u>\$ 615,525</u>

* The service cost includes interest for the year.

** Benefit payments are net of participant contributions and include a payment of \$26,400 for the implicit subsidy. Benefit payments include \$54,673 paid outside the Trust.

*** Administrative expenses are based on the fees paid from the plan's trust.

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2020. An expected TOL is determined as of December 31, 2022, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Prior Measurement Date, December 31, 2021, subtracts the expected benefit payments for the year, applies interest at the Discount Rate for the year, and then adds the annual Normal Cost (also called the Service Cost).

Information regarding changes in benefit terms and changes to assumptions or other inputs should be noted. The following changes have been made since the prior measurement date:

Changes to benefit terms:

- None

Changes to assumptions or other inputs:

- None

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service lives of the active and inactive Plan members at the beginning of the measurement period.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

Deferred Inflows of Resources and Deferred Outflows of Resources

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,221	\$ 69,889
Changes of assumptions or other inputs	32,994	16,635
Net difference between projected and actual earnings on plan investments	<u>153,757</u>	<u>0</u>
Total	<u>\$ 190,972</u>	<u>\$ 86,524</u>

Deferred Outflows and Deferred Inflows of Resources subsequent to the Measurement Date may need to be reported by the employer. CMC will not provide or incorporate these amounts in this report.

Schedule of the Recognition of Deferred (Inflows)/Outflows of Resources in OPEB Expense:
Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended December 31:	
2023	\$ 34,617
2024	\$ 34,391
2025	\$ 35,125
2026	\$ 22,796
2027	\$ (7,954)
Thereafter	\$ (14,527)

**CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 11. Other Post-Employment Benefits (OPEB) (continued)

GASB 75 requires that plan sponsors determine and disclose an OPEB Expense / (Income) (OE) in the Notes to Financial Statements. Generally speaking, OE includes the following components:

COMPONENTS OF OPEB EXPENSE / (INCOME)	
+ Service Cost (SC)	This is equal to the Normal Cost determined using the Entry Age Normal (Level Percentage of Pay) actuarial cost method.
- Active Member Contributions	The total amount of active employee payroll deductions for OPEB benefits, if applicable.
+ Administrative Expenses	The amount, if any, paid during the measurement period for OPEB costs not directly related to the payment of benefits. This amount would include costs such as actuarial fees, audit fees, trust fees, salaries associated with staff time spent on OPEB related tasks, etc.
+ Interest on the TOL (IOT)	IOT is determined based on the Discount Rate that was used to measure the Plan's TOL as of the Prior Measurement Date. Please note that the SC component may include interest to the end of the measurement period, or this interest adjustment may be included with IOT.
+ / - Changes of Benefit Terms	Benefit changes during the period are recognized immediately. Plan amendments increase OE if the change improves benefits for existing Plan members. Likewise, changes that reduce benefits for existing Plan members lower OE.
- Projected Earnings on Plan Investments (XR)	If the Plan has a financial accounting asset, XR is determined based on the long-term expected rate of return assumption at the end of the prior measurement period.
+ / - Other	Miscellaneous and non-standard expense items are included in this component.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

COMPONENTS OF OPEB EXPENSE / (INCOME)	
+ / –	<p>Recognition of Current Period Deferred Outflows / Inflows of Resources for:</p> <ul style="list-style-type: none"> • Differences Between Expected and Actual Experience • Changes of Assumptions or Other Inputs • Differences Between Actual and Projected Earnings on Plan Investments <p>Please note that the results provided in this report reflect the following conventions: Experience losses (“positive amounts”) increase the balances of Deferred Outflows of Resources, and amounts recognized increase OPEB expense. Experience gains (“negative amounts”) decrease the balances of Deferred Inflows of Resources, and amounts recognized decrease OPEB expense.</p> <p>For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values, but cannot be less than one year*. The current recognition period is 8.68 years.</p> <p>For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p>
+	<p>Recognition of Prior Period Deferred Outflows of Resources</p> <p>The amounts that must be recognized during the current year for those Deferred Outflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p>
–	<p>Recognition of Prior Period Deferred Inflows of Resources</p> <p>The amounts that must be recognized during the current year for those Deferred Inflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p>

* Based on the guidance in GASB Implementation Guide 2017-3, paragraph 4.129.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

The calculation of the investment gain or loss is shown in the following table:

Investment Earnings (Gain) Loss	
a) Expected asset return rate	4.75%
b) Beginning of year market value of assets	\$759,242
c) End of year market value of assets	644,552
d) Expected return on beginning assets for plan year	36,064
e) External cash flow (mid-year payments assumed):	
Contributions – employer	81,073
Contributions – active member	0
Refunds of contributions	0
Benefit payments	(81,073)
Administrative expenses*	(1,250)
Other	<u>0</u>
Total external cash flow	(1,250)
f) Expected return on external cash flow	(29)
g) Projected earnings for plan year (d + f)	36,035
h) Net investment income (c – b – e)	(113,440)
i). Investment earnings (gain) loss (g – h)	<u>\$149,475</u>

*Administrative expenses are based on the fees paid from the plan's trust.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11. Other Post-Employment Benefits (OPEB) (continued)

The calculation of the OE for the year ended June 30, 2023 is shown in the following table:

OPEB Expense	
For Year Ending June 30, 2023	
Service Cost at end of year*	\$39,660
Interest on the Total OPEB Liability and Cash Flow	57,123
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	197
Expensed portion of current-period changes of assumptions or other inputs	0
Active member contributions	0
Projected earnings on plan investments	(36,035)
Expensed portion of current-period differences between actual and projected earnings on plan investments	29,895
Administrative Costs**	1,250
Other	0
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	24,081
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	<u>(15,715)</u>
OPEB Expense	<u>\$100,456</u>

*The service cost includes interest for the year.

**Administrative costs are based on the actuarial fees paid from the plan's Trust.

Methods and assumptions used in calculations of Actuarially Determined Employer Contributions.

The Actuarially Determined Employer Contribution amount in the Schedule of Employer Contributions (Schedule A) is calculated with each biennial actuarial valuation. The actuarial methods and assumptions from the December 31, 2020 actuarial valuation reports were used to determine the most recent contribution amounts. Please refer the December 31, 2020 and prior actuarial valuation reports for details related to the assumptions and methods used.

Note 12. Commitments and Contingencies

The City receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in a request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

In the normal course of business, the City enters into agreements with contractors for construction projects. As of June 30, 2023, open contracts and project budgets for construction totaled \$15,503,348, of which \$2,184,925 has been recorded as construction in progress.

Various claims and lawsuits are pending against the City. As of the issuance of the financial statements, it is not known whether any unfavorable outcomes are likely, however, it appears that should there be any unfavorable outcomes, some cause of action may not be covered by insurance.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 13. Insurance and Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, injuries to employees and natural disasters. The City maintains insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the City.

Settled claims have not exceeded this coverage in any of the past three years. There are no significant reductions in insurance coverage in the prior year.

The City paid insurance premiums to the South Carolina Counties Property and Liability Trust totaling \$622,566 to cover risks that may occur in normal operations. These risks include loss of real property and contents, motor vehicles, errors and omissions, general liability and theft and dishonesty.

The City paid insurance premiums to the South Carolina Counties Workers' Compensation Trust totaling \$204,420 for workers' compensation coverage.

Note 14. Deferred Compensation Plans

Several optional deferred compensation plans are available to City employees through the State of South Carolina. Certain employees of the City have elected to participate. The multiple employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b) are administered by third parties and are included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employee.

Employees may also withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan. The City has no liability for losses under the plans.

Note 15. Intergovernmental Revenues

The City receives funds from both the State of South Carolina and the federal government for various grants and projects. The majority of these funds are accounted for in the Special Revenue Funds with the major exception being grants from the federal government accounted for in the Proprietary Fund.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 16. Inter-fund Transfers

Transfers from (to) other funds for the year ended June 30, 2023, consist of the following:

General Fund		Accommodations Fund	
Transfer from Proprietary Fund	\$ 1,400,000	Transfer to General Fund	\$ (91,500)
Transfer from Hospitality fund	420,000	Transfer to Hospitality Fund	<u>(92,500)</u>
Transfer from Accommodations Fund	91,500	Net Total Transfer	<u>\$ (184,000)</u>
Transfer from Other Funds	153,677		
Transfer to HPFC	<u>(3,326)</u>		
Net Total Transfer	<u>\$ 2,061,851</u>		
Hospitality Fund		Proprietary Fund	
Transfer from Accommodations Fund	\$ 92,500	Transfer from Special Revenue Fund	\$ 1,653,335
Transfer to Proprietary Fund	(598,835)	Transfer from Hospitality Fund	598,835
Transfer to General Fund	<u>(420,000)</u>	Transfer to StormWater	(98,706)
Net Total Transfer	<u>\$ (926,335)</u>	Transfer to General Fund	<u>(1,400,000)</u>
		Net Total Transfer To	<u>\$ 753,464</u>
Hartsville Public Facilities Corp		Special Revenue Fund	
Transfer from General Fund	\$ 3,326	Transfer to Utility	<u>\$ (1,606,285)</u>
Net Total Transfer	<u>\$ 3,326</u>	Net Total Transfer	<u>\$ (1,606,285)</u>
Capital Projects Fund		Debt Service Fund	
Transfer to General Fund	\$ (150,583)	Transfer to Utility Fund	<u>\$ (47,050)</u>
Net Total Transfer	<u>\$ (150,583)</u>	Net Total Transfer	<u>\$ (47,050)</u>
Hartsville Public Development Corp		StormWater Fund	
Transfer to General Fund	\$ (3,094)	Transfer from Utility Fund	<u>\$ 98,706</u>
		Net Total Transfer	<u>\$ 98,706</u>

General Fund

Transfer from: Funds were transferred into the General fund from the Proprietary, Hospitality, Accommodations, and other funds for revenues related to tourism-related expenditures, franchise fees, overhead allocations, capital outlay projects and debt payments.

Transfer to: Funds were transferred to the other funds for debt-related expenditures.

Hospitality Fund

Transfer from: Funds were transferred into the Hospitality fund from the Accommodations fund for expenditures related to debt service.

Transfer to: Funds were transferred to the General and Proprietary funds for tourism-related expenditures.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 16. Inter-fund Transfers (continued)

Hartsville Public Facilities Corporation

Transfer from: Funds were transferred from the General fund to cover debt payments.

Capital Projects Fund

Transfers to: Funds were transferred to the General fund for funds related to capital outlay projects.

Hartsville Public Development Fund

Transfers to: Funds were transferred to the General fund for funds related to capital outlay projects.

Accommodations Fund

Transfer to: Funds were transferred to the General and Hospitality funds for tourism-related expenditures and debt service.

Proprietary Fund

Transfer from: Funds were transferred from the Special Revenue and Hospitality funds for debt expenses.

Transfers to: Funds were transferred to the General and Stormwater funds for revenues related to franchise fees, overhead allocations, debt service payments and Stormwater operations.

Special Revenue Fund

Transfer to: Funds were transferred to the Utility fund for grant expenditures related to the utility fund.

Debt Service Fund

Transfer to: Funds were transferred to the Utility fund for debt related expenditures.

Stormwater Fund

Transfer from: Funds were transferred from the Utility fund for annual expenditures.

Note 17. Operating Lease Commitments

The City has operating leases on twelve properties, of which four are leased to Nonprofit organizations for a \$1. The remaining leases are short term leases ending within one year. Either party may terminate the rental agreement at any time. Rent is payable on the first day of the month and varies based on each property. Rental income amounted to \$28,400 for the fiscal ended June 30, 2023.

The City leases space atop its water towers to three communications companies. Each lease is cancelable by either party. The City receives annual payments from the companies. Each lease provides for yearly increases of the lease payments ranging from three to five percent depending upon the lease. Lease income for the year ended June 30, 2023, totaled \$121,316.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 18. Fee in Lieu Agreements

The City has one abatement program which results in reduced property tax collections from certain taxpayers.

The City of Hartsville, in conjunction with Darlington County, provide property tax reductions through South Carolina's Fee in Lieu of Tax (pursuant to the authority granted by Title 12, Chapter 44 of the Code of Laws of South Carolina, 1976, as amended in order to reduce the property tax burden on businesses thereby inducing such businesses to invest in the City and County. South Carolina has a property tax structure that compares unfavorably to many other states with whom we compete to attract industry. This program is designed to make the City of Hartsville a more attractive location for companies making significant capital investment and job creation. As the site selection process for industries has become increasingly more competitive, many companies come to view FILOT agreements as absolutely critical to their decision to locate in South Carolina. This innovative solution is the primary recruitment tool used by county and city governments in South Carolina to recruit new industry and to encourage our existing industries to remain in operation in the City of Hartsville.

In order to be eligible for a FILOT, a business must commit to invest at least \$2.5 million over a twenty-year period. Property subject to a FILOT agreement is exempt from ad valorem property tax and is instead subject to a fee in lieu of tax, equal to the product of the value of the property, a negotiated assessment ratio that is equal to or lower than the normally applicable assessment rates, and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five-year average. In addition, the FILOT payments may be fixed over the life of the FILOT program based on a net present value method.

The FILOT agreements entered into by the City of Hartsville provide companies with a reduced assessment ratio, usually to the maximum allowed by state statute, 6%, and a fixed millage rate for the life of the agreement which is typically a term of 20-30 years in length.

The FILOT program resulted in property tax abated of \$137,268.

According to Darlington County, capital investment committed to the existing FILOT agreements was \$95,000,000. This investment resulted in FILOT payments of \$51,775 to the City of Hartsville for the tax year 2022.

Note 19. Subsequent Events

The City of Hartsville has evaluated subsequent events through January 11, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget	Adjusted Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Taxes	\$ 2,676,000	\$ 2,676,000	\$ 2,751,843	\$ 75,843
Vehicle Taxes	290,000	290,000	379,933	89,933
PILOT Taxes	265,000	265,000	180,312	(84,688)
Accommodations Tax	140,000	140,000	139,723	(277)
Merchant Inventory Tax	56,667	56,667	56,667	-
Local Option Sales Tax	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,842,526</u>	<u>242,526</u>
Total Taxes	<u>5,027,667</u>	<u>5,027,667</u>	<u>5,351,004</u>	<u>323,337</u>
Licenses, Fees and Permits				
Franchise Fees	745,000	745,000	823,672	78,672
Business License Fees	2,135,000	2,135,000	2,307,689	172,689
Telecommunications Fees	35,000	35,000	27,673	(7,327)
Permits	164,500	164,500	205,691	41,191
Fire	20,000	20,000	40,907	20,907
Recreation	<u>15,500</u>	<u>15,500</u>	<u>19,058</u>	<u>3,558</u>
Total Licenses, Fees and Permits	<u>3,115,000</u>	<u>3,115,000</u>	<u>3,424,690</u>	<u>309,690</u>
Intergovernmental Revenue				
Local Government Funds	<u>174,505</u>	<u>174,505</u>	<u>176,685</u>	<u>2,180</u>
Total Intergovernmental Revenue	<u>174,505</u>	<u>174,505</u>	<u>176,685</u>	<u>2,180</u>
Charges for Services				
Solid Waste	<u>1,492,000</u>	<u>1,492,000</u>	<u>1,531,934</u>	<u>39,934</u>
Total Charges for Services	<u>1,492,000</u>	<u>1,492,000</u>	<u>1,531,934</u>	<u>39,934</u>
Fines and Forfeitures				
Police	56,000	56,000	44,170	(11,830)
Victim's Rights	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,523)</u>	<u>(523)</u>
Total Fines and Forfeitures	<u>52,000</u>	<u>52,000</u>	<u>39,647</u>	<u>(12,353)</u>
Miscellaneous				
School Resource Officer	270,740	270,740	263,946	(6,794)
Fire Contracts	630,000	630,000	756,277	126,277
Recreation Program Income	3,000	3,000	6,036	3,036
Cemetery	80,000	80,000	49,215	(30,785)
Rent Income	38,750	38,750	37,407	(1,343)
Accumulated Surplus	-	255,000	-	(255,000)
Other	120,050	120,050	104,286	(15,764)
Interest Income	<u>-</u>	<u>-</u>	<u>39,146</u>	<u>39,146</u>
Total Miscellaneous	<u>1,142,540</u>	<u>1,397,540</u>	<u>1,256,313</u>	<u>(141,227)</u>
Total Revenues	<u>11,003,712</u>	<u>11,258,712</u>	<u>11,780,273</u>	<u>521,561</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

Expenditures

General Government	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Advertisement	\$ 3,650	\$ 3,650	\$ 1,984	\$ 1,666
Banking Fees	70,450	100,450	95,137	5,313
Computer Expenses	72,000	72,000	70,498	1,502
Contract Services	540,189	555,189	564,920	(9,731)
Contingency	50,311	50,311	-	50,311
Demolition	50,000	50,000	39,232	10,768
Dues and Subscriptions	19,955	19,955	12,891	7,064
Employee Benefits	233,063	233,063	194,746	38,317
Grant Expenditures	72,500	102,500	113,358	(10,858)
Insurance	519,510	519,510	477,817	41,693
Lease Expense	17,400	17,400	14,500	2,900
Legal and Professional Fees	175,000	175,000	172,363	2,637
Miscellaneous	231,300	231,300	242,008	(10,708)
Office Supplies	17,500	17,500	24,274	(6,774)
Payroll Taxes	109,890	109,890	101,292	8,598
Postage	1,750	1,750	5,498	(3,748)
Repairs and Maintenance	53,755	53,755	40,076	13,679
Salaries	1,306,333	1,306,333	1,284,564	21,769
Telephone	52,016	52,016	8,906	43,110
Training	66,455	66,455	66,205	250
Utilities	315,600	335,600	367,829	(32,229)
Vehicle Expense	20,700	20,700	21,879	(1,179)
Total General Government	<u>3,999,327</u>	<u>4,094,327</u>	<u>3,919,977</u>	<u>174,350</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

Public Safety

Police	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Boarding Prisoners	\$ 10,000	\$ 10,000	\$ 3,700	\$ 6,300
Contracted Services	69,850	69,850	37,955	31,895
Dues and Subscriptions	18,405	18,405	17,981	424
Employee Benefits	424,354	424,354	497,347	(72,993)
Insurance	539,034	539,034	481,736	57,298
Legal and Professional	17,275	17,275	21,969	(4,694)
Miscellaneous	23,500	23,500	24,689	(1,189)
Office Supplies	12,000	12,000	12,902	(902)
Payroll Taxes	154,596	154,596	157,362	(2,766)
Postage	750	750	350	400
Repairs and Maintenance	97,250	97,250	75,984	21,266
Salaries	2,162,457	2,162,457	2,237,925	(75,468)
Supplies	2,600	2,600	2,301	299
Telephone	20,450	20,450	30,965	(10,515)
Training	35,200	35,200	29,620	5,580
Uniforms	20,400	20,400	17,777	2,623
Utilities	18,000	18,000	20,612	(2,612)
Vehicle Expense	162,700	162,700	172,688	(9,988)
911 E Contract	<u>76,500</u>	<u>76,500</u>	<u>73,230</u>	<u>3,270</u>
Police Total	<u>3,865,321</u>	<u>3,865,321</u>	<u>3,917,093</u>	<u>(51,772)</u>
Fire				
Contract Services	65,510	65,510	68,113	(2,603)
Dues and Subscriptions	2,135	2,135	1,163	972
Employee Benefits	151,959	151,959	141,341	10,618
Insurance	193,075	193,075	171,928	21,147
Legal and Professional	10,450	10,450	8,769	1,681
Office Supplies	3,000	3,000	2,120	880
Payroll Taxes	62,150	62,150	66,785	(4,635)
Postage	300	300	612	(312)
Miscellaneous	2,000	2,000	421	1,579
Repairs and Maintenance	166,815	166,815	168,141	(1,326)
Salaries	812,457	812,457	909,610	(97,153)
Supplies	10,500	10,500	9,470	1,030
Telephone	13,268	13,268	18,289	(5,021)
Training	21,550	21,550	27,981	(6,431)
Uniforms	17,566	17,566	18,156	(590)
Utilities	22,200	22,200	23,865	(1,665)
Vehicle Expense	95,000	95,000	108,988	(13,988)
911 E Contract	<u>11,367</u>	<u>11,367</u>	<u>11,367</u>	<u>-</u>
Fire Total	<u>1,661,302</u>	<u>1,661,302</u>	<u>1,757,119</u>	<u>(95,817)</u>
Total Public Safety	<u>5,526,623</u>	<u>5,526,623</u>	<u>5,674,212</u>	<u>(147,589)</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

Culture and Recreation	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Advertisement	\$ 500	\$ 500	\$ -	\$ 500
Contract Services	43,755	43,755	42,582	1,173
Dues and Subscriptions	300	300	75	225
Employee Benefits	39,882	39,882	31,241	8,641
Insurance	51,268	51,268	43,892	7,376
Legal and Professional	600	600	266	334
Miscellaneous	1,000	1,000	1,212	(212)
Office Supplies	2,000	2,000	2,126	(126)
Payroll Taxes	17,508	17,508	16,516	992
Postage	100	100	73	27
Repairs and Maintenance	86,725	86,725	92,980	(6,255)
Salaries	228,863	228,863	218,384	10,479
Telephone	3,620	3,620	4,815	(1,195)
Training	3,500	3,500	1,317	2,183
Utilities	120,000	120,000	173,847	(53,847)
Vehicle Expense	15,000	15,000	14,181	819
Supplies	4,950	4,950	4,631	319
Uniforms	2,700	2,700	2,666	34
Small Tools and Equipment	<u>14,500</u>	<u>14,500</u>	<u>12,114</u>	<u>2,386</u>
Total Culture and Recreation	<u>636,771</u>	<u>636,771</u>	<u>662,918</u>	<u>(26,147)</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

Cemetery	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Building Maintenance	\$ 2,000	\$ 2,000	\$ 4,515	\$ (2,515)
Contract Services	98,400	98,400	98,400	-
Miscellaneous	20,750	40,750	43,647	(2,897)
Telephone	<u>300</u>	<u>300</u>	<u>313</u>	<u>(13)</u>
Total Cemetery	<u>121,450</u>	<u>141,450</u>	<u>146,875</u>	<u>(5,425)</u>
 Airport				
Contract Services	77,000	77,000	64,666	12,334
Insurance	4,100	4,100	-	4,100
Repairs and Maintenance	18,000	18,000	19,007	(1,007)
Telephone	600	600	564	36
Utilities	<u>12,000</u>	<u>12,000</u>	<u>17,377</u>	<u>(5,377)</u>
Total Airport	<u>111,700</u>	<u>111,700</u>	<u>101,614</u>	<u>10,086</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

Public Works	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Bad Debt Expense	\$ -	\$ -	\$ 22,638	\$ (22,638)
Contract Services	129,500	129,500	98,473	31,027
County Tipping Fee	200,000	200,000	206,452	(6,452)
Dues and Subscriptions	550	550	245	305
Employee Benefits	160,881	160,881	135,417	25,464
Insurance	316,005	316,005	248,965	67,040
Legal and Professional	4,600	4,600	3,390	1,210
Miscellaneous	6,000	6,000	4,398	1,602
Office Supplies	4,200	4,200	4,646	(446)
Payroll Taxes	70,811	70,811	64,820	5,991
Postage	200	200	-	200
Repairs and Maintenance	143,700	143,700	129,727	13,973
Salaries	925,636	925,636	870,995	54,641
Small Equipment and Tools	56,600	56,600	93,482	(36,882)
Supplies	33,500	33,500	28,529	4,971
Telephone	3,460	3,460	5,005	(1,545)
Training	2,500	2,500	1,808	692
Vehicle Expense	225,000	225,000	236,101	(11,101)
Uniforms	22,400	22,400	20,836	1,564
Utilities	22,025	22,025	25,030	(3,005)
Total Public Works	<u>2,327,568</u>	<u>2,327,568</u>	<u>2,200,957</u>	<u>126,611</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023**

	Budget	Adjusted Budget	Actual	Variance Positive (Negative)
Capital Outlay				
General Government	\$ -	\$ 48,000	62,943	\$ (14,943)
Public Safety	16,192	16,192	19,395	(3,203)
Culture and Recreation	25,000	47,000	46,637	363
Public Works	-	30,000	17,034	12,966
Total Capital Outlay	<u>41,192</u>	<u>141,192</u>	<u>146,009</u>	<u>(4,817)</u>
Debt Service				
Principal	219,156	219,156	219,156	-
Interest	67,461	107,461	80,152	27,309
Total Debt Service	<u>286,617</u>	<u>326,617</u>	<u>299,308</u>	<u>27,309</u>
Total Expenditures	<u>13,051,248</u>	<u>13,306,248</u>	<u>13,151,870</u>	<u>154,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,047,536)</u>	<u>(2,047,536)</u>	<u>(1,371,597)</u>	<u>675,939</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	2,434	(2,566)
Operating Transfers In	2,076,835	2,076,835	2,065,177	(11,658)
Operating Transfers Out	-	-	(3,326)	(3,326)
Total Other Financing Sources (Uses)	<u>2,081,835</u>	<u>2,081,835</u>	<u>2,064,285</u>	<u>(17,550)</u>
Net Change in Fund Balance	<u>\$ 34,299</u>	<u>\$ 34,299</u>	692,688	<u>\$ 658,389</u>
Fund Balance, Beginning of Year			<u>3,822,372</u>	
Fund Balance, End of Year			<u>\$ 4,515,060</u>	

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Revenues				
Taxes	\$ 5,027,667	\$ 5,027,667	\$ 5,351,004	\$ 323,337
Licenses, Fees and Permits	3,115,000	3,115,000	3,424,690	309,690
Intergovernmental	174,505	174,505	176,685	2,180
Charges for Services	1,492,000	1,492,000	1,531,934	39,934
Fines and Forfeitures	52,000	52,000	39,647	(12,353)
Miscellaneous	<u>1,142,540</u>	<u>1,397,540</u>	<u>1,256,313</u>	<u>(141,227)</u>
 Total Revenues	 <u>11,003,712</u>	 <u>11,258,712</u>	 <u>11,780,273</u>	 <u>521,561</u>
Expenditures				
Current:				
General Government	3,999,327	4,094,327	3,919,977	174,350
Public Safety	5,526,623	5,526,623	5,674,212	(147,589)
Culture and Recreation	636,771	636,771	662,918	(26,147)
Cemetery	121,450	141,450	146,875	(5,425)
Airport	111,700	111,700	101,614	10,086
Public Works	2,327,568	2,327,568	2,200,957	126,611
Capital Outlay	41,192	141,192	146,009	(4,817)
Debt Service				
Principal	219,156	219,156	219,156	-
Interest	<u>67,461</u>	<u>107,461</u>	<u>80,152</u>	<u>27,309</u>
 Total Expenditures	 <u>13,051,248</u>	 <u>13,306,248</u>	 <u>13,151,870</u>	 <u>154,378</u>
Excess (Deficiency) of Revenues Over Expenditures	 <u>(2,047,536)</u>	 <u>(2,047,536)</u>	 <u>(1,371,597)</u>	 <u>675,939</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	2,434	(2,566)
Operating Transfers In	2,076,835	2,076,835	2,065,177	(11,658)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(3,326)</u>	<u>(3,326)</u>
 Total Other Financing Sources (Uses)	 <u>2,081,835</u>	 <u>2,081,835</u>	 <u>2,064,285</u>	 <u>(17,550)</u>
Net Change in Fund Balance	 <u>\$ 34,299</u>	 <u>\$ 34,299</u>	 692,688	 <u>\$ 658,389</u>
Fund Balance, Beginning of Year			<u>3,822,372</u>	
Fund Balance, End of Year			<u>\$ 4,515,060</u>	

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
SCRS					
City's proportion of the net pension liability (asset)	0.027363%	0.028030%	0.022777%	0.029620%	0.028302%
City's proportionate share of the net pension liability (asset)	\$ 6,633,294	\$ 6,066,029	\$ 7,094,762	\$ 6,762,661	\$ 6,341,508
City's covered employee payroll	\$ 3,757,478	\$ 3,246,011	\$ 3,165,973	\$ 3,168,542	\$ 2,276,737
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.65%	53.51%	44.62%	46.85%	35.90%
Plan fiduciary net position as a percentage of total pension liability	57.06%	60.75%	38.80%	39.06%	38.21%
SCRS					
City's proportion of the net pension liability (asset)	0.028641%	0.028124%	0.029181%	0.027748%	
City's proportionate share of the net pension liability (asset)	\$ 6,447,550	\$ 6,007,245	\$ 5,534,317	\$ 4,777,286	
City's covered employee payroll	\$ 2,182,324	\$ 2,893,086	\$ 2,664,376	\$ 2,744,291	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.85%	48.16%	48.14%	57.44%	
Plan fiduciary net position as a percentage of total pension liability	26.05%	24.27%	20.98%	18.59%	
PORS					
City's proportion of the net pension liability (asset)	0.153340%	0.160560%	0.165106%	0.163193%	0.163322%
City's proportionate share of the net pension liability (asset)	\$ 4,598,587	\$ 4,131,168	\$ 5,475,272	\$ 4,677,021	\$ 4,627,791
City's covered employee payroll	\$ 2,721,801	\$ 2,426,678	\$ 2,415,975	\$ 2,762,225	\$ 1,709,266
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.19%	58.74%	44.13%	59.06%	36.93%
Plan fiduciary net position as a percentage of total pension liability	66.45%	70.37%	29.95%	27.02%	27.88%
PORS					
City's proportion of the net pension liability (asset)	0.158090%	0.153320%	0.158200%	0.159940%	
City's proportionate share of the net pension liability (asset)	\$ 4,331,026	\$ 3,888,822	\$ 3,448,007	\$ 3,061,916	
City's covered employee payroll	\$ 1,658,294	\$ 2,125,749	\$ 1,949,412	\$ 1,951,125	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.29%	54.66%	56.54%	63.72%	
Plan fiduciary net position as a percentage of total pension liability	17.50%	15.71%	13.07%	11.91%	

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

**CITY OF HARTSVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 For the Fiscal Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,210,354	\$ 1,004,432	\$ 933,299	\$ 938,257	\$ 598,390
Contributions in relation to contractually required contribution	<u>1,210,354</u>	<u>1,004,432</u>	<u>933,299</u>	<u>938,257</u>	<u>598,390</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,479,279	\$ 6,460,160	\$ 5,939,900	\$ 5,930,767	\$ 5,632,729
Contributions as a percentage of covered-employee payroll	18.68%	15.55%	15.71%	15.82%	10.62%
Contractually required contribution	\$ 565,230	\$ 637,148	\$ 557,759	\$ 548,864	\$ 500,153
Contributions in relation to contractually required contribution	<u>565,230</u>	<u>637,148</u>	<u>557,759</u>	<u>548,864</u>	<u>500,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,113,504	\$ 5,018,835	\$ 4,613,788	\$ 4,695,416	\$ 4,420,271
Contributions as a percentage of covered-employee payroll	11.05%	12.70%	12.09%	11.69%	11.31%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2023

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost at end of year	\$ 39,660	\$ 44,309	\$ 42,903	\$ 46,670	\$ 45,190	\$ 43,756
Interest on the Total OPEB Liability	57,123	59,456	58,033	56,062	54,597	53,098
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	1,712	(56,304)	303	(49,859)	3,731	3,242
Changes of assumptions or other inputs	-	(21,615)	-	61,938	-	-
Benefit payments*	(81,073)	(69,003)	(73,496)	(73,122)	(72,247)	(64,925)
Net change in Total OPEB Liability	17,422	(43,157)	27,743	41,689	31,271	35,171
Total OPEB Liability - beginning	\$ 1,242,655	\$ 1,285,812	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109	\$ 1,149,938
Total OPEB Liability - ending (a)	\$ 1,260,077	\$ 1,242,655	\$ 1,285,812	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109
Plan Fiduciary Net Position						
Contributions - employer**	\$ 81,073	\$ 69,003	\$ 73,496	\$ 146,798	\$ 140,933	\$ 131,140
Contributions - non-employer	-	-	-	-	-	-
Contributions - active member	-	-	-	-	-	-
Net investment income	(113,440)	(22,342)	40,104	31,252	9,574	14,246
Benefit Payments*	(81,073)	(69,003)	(73,496)	(73,122)	(72,247)	(64,925)
Administrative expense	(1,250)	(6,706)	-	(4,401)	(4,257)	(9,599)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ (114,690)	\$ (29,048)	\$ 40,104	\$ 100,527	\$ 74,003	\$ 70,862
Plan Fiduciary Net Position - beginning	\$ 759,242	\$ 788,290	\$ 748,186	\$ 647,659	\$ 573,656	\$ 502,794
Plan Fiduciary Net Position - ending (b)	\$ 644,552	\$ 759,242	\$ 788,290	\$ 748,186	\$ 647,659	\$ 573,656
Net OPEB Liability - ending (a) - (b)	\$ 615,525	\$ 483,413	\$ 497,522	\$ 509,883	\$ 568,721	\$ 611,453

* Benefit payments are net of participant contributions and include an amount for the implicit subsidy, if applicable, as well as benefits paid outside the Trust, if applicable.
** The employer contribution includes amounts for the implicit subsidy, if applicable, and benefit payments amounts paid outside the Trust, if applicable.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2023**

SCHEDULE OF THE NET OPEB LIABILITY

	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability	\$ 1,260,077	\$ 1,242,655	\$ 1,285,812	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109	\$ 1,149,938
Plan Fiduciary Net Position	<u>644,552</u>	<u>759,242</u>	<u>788,290</u>	<u>748,186</u>	<u>647,659</u>	<u>573,656</u>	<u>502,794</u>
Net OPEB Liability	\$ 615,525	\$ 483,413	\$ 497,522	\$ 509,883	\$ 568,721	\$ 611,453	\$ 647,144
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	51.15%	61.10%	61.31%	59.47%	53.24%	48.41%	43.72%
Covered Payroll*	\$ 5,138,658	\$ 5,138,658	\$ 4,740,563	\$ 4,740,563	\$ 4,369,087	\$ 4,369,087	\$ 4,369,087
Net OPEB Liability as a percentage of covered payroll	11.98%	9.41%	10.49%	10.76%	13.02%	13.99%	14.81%

*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2023**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017
Actuarially Determined Employer Contribution (ADEC)	\$ 68,833	\$ 68,934	\$ 68,991	\$ 70,876	\$ 72,661	\$ 68,686
Contributions in relation to the ADEC	<u>81,073</u>	<u>69,003</u>	<u>73,496</u>	<u>146,798</u>	<u>140,933</u>	<u>131,140</u>
Annual contribution deficiency (excess)	\$ (12,240)	\$ (69)	\$ (4,505)	\$ (75,922)	\$ (68,272)	\$ (62,454)
Covered Payroll*	\$ 5,138,658	\$ 5,138,658	\$ 4,740,563	\$ 4,740,563	\$ 4,369,087	\$ 4,369,087
Actual contributions as a percentage of covered payroll	1.58%	1.34%	1.55%	3.10%	3.23%	3.00%

*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023

Note 1. Budgets and Budgetary Accounting

Budgets, except for the Special Revenue Fund, are adopted on a basis consistent with generally accepted accounting principles. The accounting system provides for appropriate budgetary control. Budgetary comparisons are included in the supplemental schedules for the General Fund. Unused appropriations for all annually budgeted funds lapse at the end of the year.

Note 2. Legal Compliance – Budgets

The City Manager submits a proposed operating budget for the fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments as necessary to achieve the goals of the budget. Any revisions that alter the total expenditures of any fund must be approved by City Council. Budgeted amounts reflected in the accompanying financial statements are the final authorized amounts as revised during the year.

The City has not presented budget information for the Special Revenue Fund, since budgetary control is maintained on an individual grant basis. Since grant periods may differ from the City's fiscal year, a comparison of budgetary information for the total Special Revenue Fund would not be meaningful and has not been presented in the accompanying financial statements.

Public safety, culture and recreation, cemetery, and capital outlay have excess expenditures over appropriations in the amount of \$147,589, \$26,147, \$5,425, and \$4,817, respectively

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hospitality Tax Fund

The *Hospitality Tax Fund*, a major fund, is used to account for taxes levied on prepared foods and beverages located within the city. Proceeds from hospitality tax must be used exclusively for (1) tourism related buildings; (2) tourism related cultural, recreational, or historical facilities; (3) beach access and re-nourishment; (4) highways, roads, streets, and bridges providing access to tourist destinations; (5) advertisements and promotions related to tourism development; or (6) water and sewer infrastructure to serve tourism related demand.

Special Revenue Fund

The *Special Revenue Fund*, a non-major fund, is used to account for revenues and expenditures from a variety of grants and/or donations that are to be used for specific purposes. These include, but are not limited to, public safety operating grants, airport capital grants, and donations to be used for construction of recreation facilities.

Infrastructure Park Fund

The *Infrastructure Park Fund*, a major fund, is used to account for special assessment taxes levied on property located within the park, payments to improve the park and payment to reduce debt associated with the park.

Accommodations Tax Fund

The *Accommodations Tax Fund*, a non-major fund, is used to account for taxes levied on accommodations within the city. Proceeds from accommodations tax are allocated to a special fund for tourism.

Special Projects Fund

The *Special Projects Fund*, a non-major fund, is used to account for revenues and expenditures from donations and contributions from the public that are to be used for specific purposes.

Narcotics Fund

The *Narcotics Fund*, a non-major fund, is used to account for revenues and expenditures from drug seized monies that are to be used for public safety.

Hartsville Public Development Corporation

The *Hartsville Public Development Corporation Fund*, a non-major fund, is used to provide support for the capital projects of the City.

Community Development Fund – Canal District

The *Community Development Fund – Canal District*, a non-major fund, is used to account for taxes levied on property located within the district.

**CITY OF HARTSVILLE, SOUTH CAROLINA
HOSPITALITY TAX FUND
BALANCE SHEET
June 30, 2023**

Assets

Restricted Cash \$ 836,902

Total Assets **\$ 836,902**

Liabilities and Fund Balance

Fund Balance
Restricted for Culture, Recreation and Tourism \$ 836,902

Total Liabilities and Fund Balance **\$ 836,902**

**CITY OF HARTSVILLE, SOUTH CAROLINA
HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Other Taxes	\$ <u>1,218,552</u>
Total Revenues	<u>1,218,552</u>

Expenditures

Economic Development	120,915
Debt Services	
Principal	80,000
Interest	<u>20,165</u>
Total Expenditures	<u>221,080</u>

Excess of Revenues Over Expenditures	<u>997,472</u>
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Other Financing Sources (Uses)

Transfer from Accommodations Fund	92,500
Transfer to Proprietary Funds	(598,835)
Transfer to General Funds	<u>(420,000)</u>
Total Other Financing Sources (Uses)	<u>(926,335)</u>

Net Change in Fund Balance	71,137
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Restricted Fund Balance, Beginning of Year	<u>765,765</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 836,902</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ 642,818
Accounts Receivable	<u>276,856</u>
Total Assets	<u>\$ 919,674</u>

Liabilities and Fund Balance

Deferred Revenue - ARPA Funds	716,449
Due to Other Funds	<u>532,441</u>
Total Liabilities	<u>1,248,890</u>
Fund Balance	
Restricted for Community Development	<u>(329,216)</u>
Total Liabilities and Fund Balance	<u>\$ 919,674</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Grant Proceeds	\$ <u>1,972,229</u>
Total Revenues	<u>1,972,229</u>

Expenditures

General Government	62,431
Community Development	15,962
Public Safety	17,442
Recreation	922
Airport	23,639
Capital Outlay	
General Government	160,908
Airport	<u>124,099</u>
Total Expenditures	<u>405,403</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>1,566,826</u>
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Other Financing Sources (Uses)

Transfer to Other Fund	(16,811)
Transfer to Proprietary Fund	<u>(1,589,474)</u>
Total Other Financing Sources	<u>(1,606,285)</u>

Net Change in Fund Balance	(39,459)
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Restricted Fund Balance, Beginning of Year	<u>(289,757)</u>
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Restricted Fund Balance, End of Year	<u>\$ (329,216)</u>
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CITY OF HARTSVILLE, SOUTH CAROLINA
VICTIM'S ASSISTANCE
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
For the Fiscal Year Ended June 30, 2023

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court Fines and Assessments Collected	\$ -	\$ -	\$ 76,173	\$ 76,173
Court Fines and Assessments Remitted to State Treasurer	-	-	(38,110)	(38,110)
Total Court Fines and Assessments Retained	-	-	38,063	38,063
Surcharges and Assessments Retained for Victim Services:				
Surcharges Collected and Retained	-	-	27,679	27,679
Assessments Retained	-	-	(4,903)	(4,903)
Total Surcharges and Assessments Retained for Victim Services	-	-	22,776	22,776
FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)				
<u>VICTIM SERVICE FUNDS COLLECTED</u>		Municipal	County	Total
Carryforward from Previous Year - Beginning Balance		-	-	-
<u>Victim Service Revenue:</u>				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		9,309	-	9,309
Grant Funds Received				
Grant From:		-	-	-
General Funds Transferred to Victim Service Fund				
(1) Town of		-	-	-
(2) Town of		-	-	-
(3) City of Hartsville		42,644	-	42,644
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)		51,953	-	51,953
<u>Expenditures for Victim Service Program:</u>		Municipal	County	Total
Salaries and Benefits		40,426	-	40,426
Operating Expenditures		11,527	-	11,527
Victim Service Contract(s):				
(1) Chester County		-	-	-
(2) Entity's Name		-	-	-
Victim Service Donation(s):				
(1) Domestic Violence Shelter: Safe Passage Inc.		-	-	-
(2) Rape Crisis Center:		-	-	-
(3) Other Local Direct Crime Victims Service Agency:		-	-	-
Transferred to General Fund		-	-	-
Total Expenditures From Victim Service Fund/Program (B)		51,953	-	51,953
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)		-	-	-
Less: Prior Year Fund Deficit Repayment		-	-	-
Carryforward Funds - End of Year		-	-	-

**CITY OF HARTSVILLE, SOUTH CAROLINA
INFRASTRUCTURE PARK FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash \$ 295,683

Total Assets **\$ 295,683**

Liabilities and Fund Balance

Due to Other Funds \$ -

Total Liabilities **-**

Fund Balance

Restricted for Infrastructure Expenditures 295,683

Total Liabilities and Fund Balance **\$ 295,683**

**CITY OF HARTSVILLE, SOUTH CAROLINA
 INFRASTRUCTURE PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2023**

Revenues

Fee in Lieu	\$ 715,683
Miscellaneous Income	<u>6,000</u>
 Total Revenues	 <u>721,683</u>

Expenditures

Economic Development	7,196
Capital Outlay	55,383
Debt Service	
Principal	393,436
Interest	<u>35,481</u>
 Total Expenditures	 <u>491,496</u>

Excess of Revenues Over Expenditures	 <u>230,187</u>
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Other Financing Sources (Uses)

Transfer to General Fund	<u>(150,584)</u>
 Total Other Financing Sources (Uses)	 <u>(150,584)</u>

Net Change in Fund Balance	79,603
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Restricted Fund Balance, Beginning of Year	<u>216,080</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 295,683</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
ACCOMMODATIONS TAX FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash \$ 178,492

Total Assets **\$ 178,492**

Liabilities and Fund Balance

Fund Balance
Restricted for Tourism Expenditures \$ 178,492

Total Liabilities and Fund Balance **\$ 178,492**

**CITY OF HARTSVILLE, SOUTH CAROLINA
 ACCOMMODATIONS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2023**

Revenues

Accommodations Taxes	\$ <u>216,255</u>
Total Revenues	<u>216,255</u>

Expenditures

Economic Development	<u>5,780</u>
Total Expenditures	<u>5,780</u>

Excess of Revenues Over Expenditures	<u>210,475</u>
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Other Financing Sources (Uses)

Transfer To Hospitality Fund	(92,500)
Transfer To General Fund	<u>(91,500)</u>
Total Other Financing Sources (Uses)	<u>(184,000)</u>

Net Change in Fund Balance	26,475
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Restricted Fund Balance, Beginning of Year	<u>152,017</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 178,492</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL PROJECTS FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ <u>836,885</u>
Total Assets	\$ <u>836,885</u>

Liabilities and Fund Balance

Accounts Payable	\$ 9
Deposits	(136)
Due to Other Funds	<u>46,292</u>
Total Liabilities	<u>46,165</u>
Fund Balance	
Restricted for Special Projects	<u>790,720</u>
Total Liabilities and Fund Balance	\$ <u>836,885</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Donations	\$ <u>550,417</u>
Total Revenues	<u>550,417</u>

Expenditures

Economic Development	270,512
Capital Outlay	<u>78,275</u>
Total Expenditures	<u>348,787</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>201,630</u>
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Other Financing Sources (Uses)

Transfer To Proprietary Fund	<u>(47,050)</u>
Total Other Financing Sources (Uses)	<u>(47,050)</u>

Net Change in Fund Balance	154,580
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Restricted Fund Balance, Beginning of Year	<u>636,140</u>
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Restricted Fund Balance, End of Year	<u>\$ 790,720</u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
NARCOTICS FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ <u>99,162</u>
Total Assets	\$ <u>99,162</u>

Liabilities and Fund Balance

Due to Other Funds	\$ <u>-</u>
Total Liabilities	<u>-</u>
Fund Balance	
Restricted for Public Services	<u>99,162</u>
Total Liabilities and Fund Balance	\$ <u>99,162</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NARCOTICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

Revenues

Miscellaneous Income	<u>\$ 30,501</u>
Total Revenues	<u>30,501</u>

Expenditures

Police Safety	<u>14,470</u>
Total Expenditures	<u>14,470</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>16,031</u>
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Net Change in Fund Balance	16,031
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Restricted Fund Balance, Beginning of Year	<u>83,131</u>
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Restricted Fund Balance, End of Year	<u>\$ 99,162</u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC DEVELOPMENT CORPORATION FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ -
Total Assets	\$ -

Liabilities and Fund Balance

Due to Other Funds	\$ -
Total Liabilities	-
Fund Balance	
Restricted for Capital Projects	-
Total Liabilities and Fund Balance	\$ -

**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC DEVELOPMENT CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Miscellaneous Income	\$ <u> -</u>
Total Revenues	<u> -</u>

Expenditures

Capital Projects	<u> 5,617</u>
Total Expenditures	<u> 5,617</u>
Excess (Deficiency) of Revenues Over Expenditures	<u> (5,617)</u>

Other Financing Sources (Uses)

Transfer to Proprietary Fund	<u> (3,094)</u>
Total Other Financing Sources (Uses)	<u> (3,094)</u>

Net Change in Fund Balance (8,711)

Restricted Fund Balance, Beginning of Year	<u> 8,711</u>
Restricted Fund Balance, End of Year	<u> \$ -</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
COMMUNITY DEVELOPMENT FUND – CANAL DISTRICT
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ 1,113,562
Total Assets	<u>\$ 1,113,562</u>

Liabilities and Fund Balance

Fund Balance	
Restricted for Community Development	\$ 1,113,562
Total Liabilities and Fund Balance	<u>\$ 1,113,562</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
COMMUNITY DEVELOPMENT FUND – CANAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Other Taxes	\$ <u>333,084</u>
Total Revenues	<u>333,084</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>333,084</u>
Net Change in Fund Balance	333,084
Restricted Fund Balance, Beginning of Year	<u>780,478</u>
Restricted Fund Balance, End of Year	<u><u>\$ 1,113,562</u></u>

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related cost of the City other than debt service payments made by enterprise funds.

**CITY OF HARTSVILLE, SOUTH CAROLINA
DEBT SERVICE FUND
BALANCE SHEET
June 30, 2023**

Assets

Cash	\$ 276,810
Property Tax Receivable, Net	<u>2,431</u>
Total Assets	<u>\$ 279,241</u>

Liabilities, Deferred Inflows and Fund Balance

Deferred Inflows

Unavailable Revenue - Property Taxes	<u>\$ 2,390</u>
Fund Balance	
Restricted for Debt Service	<u>276,851</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 279,241</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Property Taxes	\$ <u>154,253</u>
Total Revenues	<u>154,253</u>

Expenditures

Debt Service	
Principal	1,051,000
Interest	<u>85,222</u>
Total Expenditures	<u>1,136,222</u>

Other Financing Sources (Uses)

Bond Proceeds	1,090,321
Bond Issuance Costs	<u>(60,432)</u>
Total Other Financing Sources (Uses)	<u>1,029,889</u>

Net Change in Fund Balance	47,920
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Restricted Fund Balance, Beginning of Year	<u>228,931</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 276,851</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC FACILITIES CORPORATION
BALANCE SHEET
June 30, 2023**

Assets

Cash \$ 125

Total Assets **\$ 125**

Liabilities, Deferred Inflows and Fund Balance

Fund Balance
Restricted for Debt Service \$ 125

Total Liabilities, Deferred Inflows and Fund Balance **\$ 125**

**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC FACILITIES CORP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023**

Revenues

Property Taxes	\$ <u> -</u>
Total Revenues	<u> -</u>

Expenditures

Debt Service	
Interest	<u> -</u>
Total Expenditures	<u> -</u>

Other Financing Sources (Uses)

Bond Issuance Costs	(3,293)
Transfer from Other Funds	<u> 3,326</u>
Total Other Financing Sources (Uses)	<u> 33</u>

Net Change in Fund Balance 33

Restricted Fund Balance, Beginning of Year 92

Restricted Fund Balance, End of Year \$ 125

ENTERPRISE FUNDS

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The City has three funds that consist of Water, Sewer and Water Park, Storm Water, and Recreation Concessions Fund.

Water, Sewer and Water Park Fund - Accounts for monies collected from charges for services of water and sewer fees.

Storm Water Fund - Accounts for monies collected from service charges related to storm water fee residents inside city limits.

Recreation Concessions Fund - Accounts for monies collected from admission to ball fields and concessions sales.

CITY OF HARTSVILLE, SOUTH CAROLINA
ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
ENTERPRISE FUNDS - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2023

	Adjusted Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Service Charges	\$ 5,089,705	\$ 5,133,711	\$ 44,006
Taps	25,000	27,247	2,247
Penalties	100,000	127,663	27,663
Other Fees and Charges	71,000	63,750	(7,250)
Water Park	1,491,500	1,280,495	(211,005)
Concessions	69,500	75,718	6,218
Miscellaneous	298,280	8,143	(290,137)
Tower Leases	114,045	121,316	7,271
	<u>7,259,030</u>	<u>6,838,043</u>	<u>(420,987)</u>
Total Revenues			
Operating Expenses			
Advertising	60,000	40,042	19,958
Bad Debt Recovery	-	36,955	(36,955)
Contract Services	1,235,700	1,556,514	(320,814)
Depreciation	-	1,482,884	(1,482,884)
Dues and Subscriptions	2,000	1,938	62
Employee Benefits	226,003	98,410	127,593
Equipment	141,859	13,428	128,431
Food	157,000	222,897	(65,897)
Grant Match	297,780	537,363	(239,583)
Insurance	430,449	397,460	32,989
Legal and Professional	138,700	68,252	70,448
Miscellaneous	18,000	48,760	(30,760)
Office Supplies	11,000	10,089	911
Payroll Taxes	116,772	120,086	(3,314)
Postage	18,800	21,365	(2,565)
Repairs and Maintenance	176,713	187,020	(10,307)
Salaries	952,544	923,922	28,622
Supplies	264,500	299,478	(34,978)
System Repairs and Maintenance	255,000	176,147	78,853
Telephone	26,400	29,070	(2,670)
Training	17,439	21,964	(4,525)
Uniforms	23,300	29,808	(6,508)
Utilities	123,000	121,114	1,886
Vehicle Expense	70,000	102,687	(32,687)
Water Testing Fees	25,000	37,864	(12,864)
	<u>4,787,959</u>	<u>6,585,517</u>	<u>(1,797,558)</u>
Total Operating Expenses			
Operating Income (Loss)	<u>2,471,071</u>	<u>252,526</u>	<u>(2,218,545)</u>
Non-Operating Income (Expense)			
Investment Income	200	84,691	84,491
Interest Expense	(644,043)	(596,259)	47,784
Lease Principal Payments	(900,742)	(20,742)	880,000
	<u>(1,544,585)</u>	<u>(532,310)</u>	<u>1,012,275</u>
Total Non-Operating Income (Expense)			
Income (Loss) Before Contributions and Transfers	<u>926,486</u>	<u>(279,784)</u>	<u>(1,206,270)</u>
Operating Transfers In	710,211	2,350,876	1,640,665
Operating Transfers (Out)	(1,516,876)	(1,498,706)	18,170
Change in Net Position	119,821	572,386	452,565
Net Position, Beginning of Year	<u>17,538,104</u>	<u>18,284,331</u>	<u>(746,227)</u>
Net Position, End of Year	<u>\$ 17,657,925</u>	<u>\$ 18,856,717</u>	<u>\$ 1,198,792</u>

COMPLIANCE SECTION

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January 11, 2024

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 Members of City Council
City of Hartsville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartsville, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hartsville, South Carolina's basic financial statements and have issued our report thereon dated January 11, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 of Hartsville, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Sheheen, Hancock & Godwin, LLP

Sheheen, Hancock & Godwin, LLP
Camden, South Carolina