

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

**Issued by City of Fountain Inn, South Carolina**  
**Finance Department**

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

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## **INTRODUCTORY SECTION**

August 1, 2024

The Honorable Mayor George Patrick McLeer, Jr.  
Members of City Council  
Citizens of the City of Fountain Inn, South Carolina

Dear Mayor McLeer, City Council Members, and Citizens:

The City of Fountain Inn's Finance Department would like to thank you for the opportunity to serve you and our community. The Finance Department is pleased to present the Comprehensive Annual Financial Report as of June 30, 2023. This report is published to provide the City Council, staff, citizens, and third-party readers with information concerning the financial position of the city. State Law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The City of Fountain Inn's financial statements has been audited by Mauldin & Jenkins, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2023, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fountain Inn's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

For reporting purposes, the operations of the Fountain Inn Facilities Corporation are blended with the city being reported as a component unit. The Fountain Inn Facilities Corporation is a legally separate entity and has some financial interdependency with the City. For reporting purposes, these entities are shown as discretely presented component units.

CITY of  
**FOUNTAIN INN**

The City of Fountain Inn

200 N. Main Street • Fountain Inn, SC 29644 • 864-862-4421

Website: [www.fountaininn.org](http://www.fountaininn.org)

Fax: 864-862-4812



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

### **Community Profile**

The City of Fountain Inn was chartered on December 24, 1886. Fountain Inn is nestled in the foothills of Upstate South Carolina. The 2020 census reported a 33.5% increase population since the 2010 census. Our current population is 11,751.

Charm and hospitality abound in the City of Fountain Inn, where residents enjoy small-town living just a short commute from the big-city offerings of the Greenville Metropolitan area. Increasingly, however, attractive retail, dining, and entertainment opportunities are also being offered within Fountain Inn's city limits. We became an Aspiring Main Street community in January 2022.

The City of Fountain Inn is committed to providing quality services to its citizens ranging from public safety, utilities and upkeep, an extension of sewers and roads, to community relations, special events, and recreation. Its police and fire departments are continually recognized in the state for their exemplary service provision. The City's Natural Gas System serves many commercial and residential customers in Laurens and Greenville counties. The City's progressive leadership and focus on economic development and quality of life will continue to benefit our citizens. We held ribbon cutting ceremonies for Sanctified Hill Park and a new Utilities Complex in the summer. Destinations such as The Younts Center for Performing Arts, revitalized Main Street, Farmers Market, Chamber of Commerce, and History Center provide residents with access to quality entertainment, unique shopping experiences, and quality cuisine. New retail and restaurant merchants have been and will continue to be attracted to our enhanced downtown. The city continues to see extensive residential growth spanning across both Greenville and Laurens Counties.

### **City Government**

A referendum held on November 7, 2017, changed the form of government effective July 1, 2018, to the Council form of government.

The governing body is comprised of a mayor elected at large and six council members, all of whom are elected at large but must reside in specific districts.

### **Budget Process**

The budget process begins in January each year for the upcoming fiscal year, which runs from July 1 to June 30. Departments develop objectives, performance measures, and staffing and funding requests for new services. The City's Finance Director/Treasurer projects fixed operating costs, revenue, salary, and fringe benefits costs for planned staffing levels. This information is compiled and analyzed by the City Finance Director/Treasurer. The City Administrator and the City Finance Director/Treasurer meet with management to review departmental requests, prioritize program needs and establish consensus on objectives and performance measures. Based on the most recent revenue estimates available, the City Administrator and City Finance Director/Treasurer modify funding requests according to prioritized service levels. A preliminary budget document is then prepared and submitted to the Council for workshop and review in early April. City Council has the first reading of the budget in May and a public hearing, and the second reading is in June.



The Capital Improvement Program (CIP) is a five-year fiscal planning instrument that is used to identify needed capital purchases and projects, and to coordinate the financing and timing of those projects. The CIP has been revised annually. It identifies funding sources and structures necessary to implement the improvements. Projects included in the CIP represent infrastructure improvements and capital equipment purchases.

### **Financial Policies**

Primary among the responsibilities of the City of Fountain Inn to its citizens is the care of public funds and wise management of the City's finances while providing for the adequate funding of the services desired by the public and the maintenance of public facilities. We have designed financial management policies to ensure the fiscal stability of the City of Fountain Inn and guide the development and administration of the annual operating and capital budgets. The policies address revenues, cash management, expenditures, debt management, risk management, capital needs, and budgeting management.

To support the above-mentioned policies the City has implemented a system of internal controls designed to provide reasonable assurance of achievement of the objectives of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. However, it should be noted that all internal control systems have inherent limitations related to cost/benefit considerations, management override, or collusion.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fountain Inn for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. That was the tenth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The timely and accurate preparation of the Comprehensive Annual Financial Report could not be accomplished without the diligent efforts of our Finance Department and all Department Heads. We express appreciation to the fine employees of the City of Fountain Inn who contributed to the completion of the report.

Respectfully Submitted,



Shawn M. Bell  
City Administrator



Kira D. DeLoache  
Finance Director

CITY of  
**FOUNTAIN INN**

The City of Fountain Inn

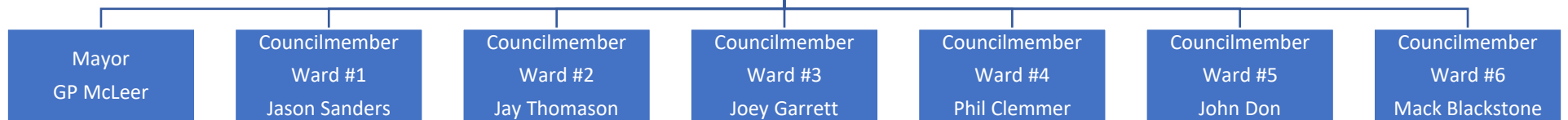
200 N. Main Street • Fountain Inn, SC 29644 • 864-862-4421

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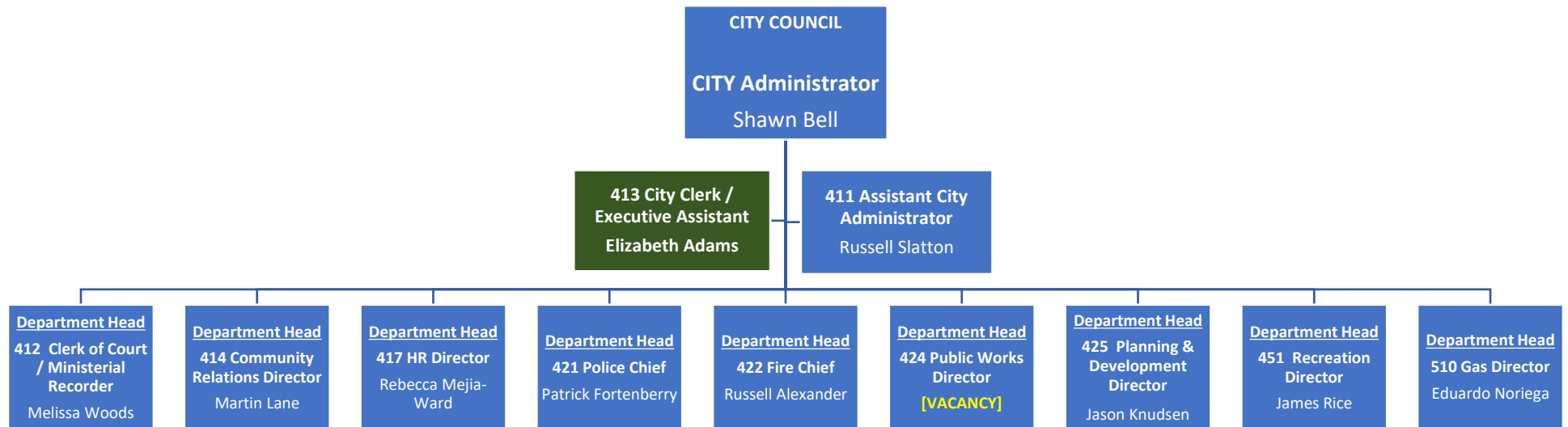


Citizens of Fountain  
Inn  
11,758





# CITY ADMINISTRATOR

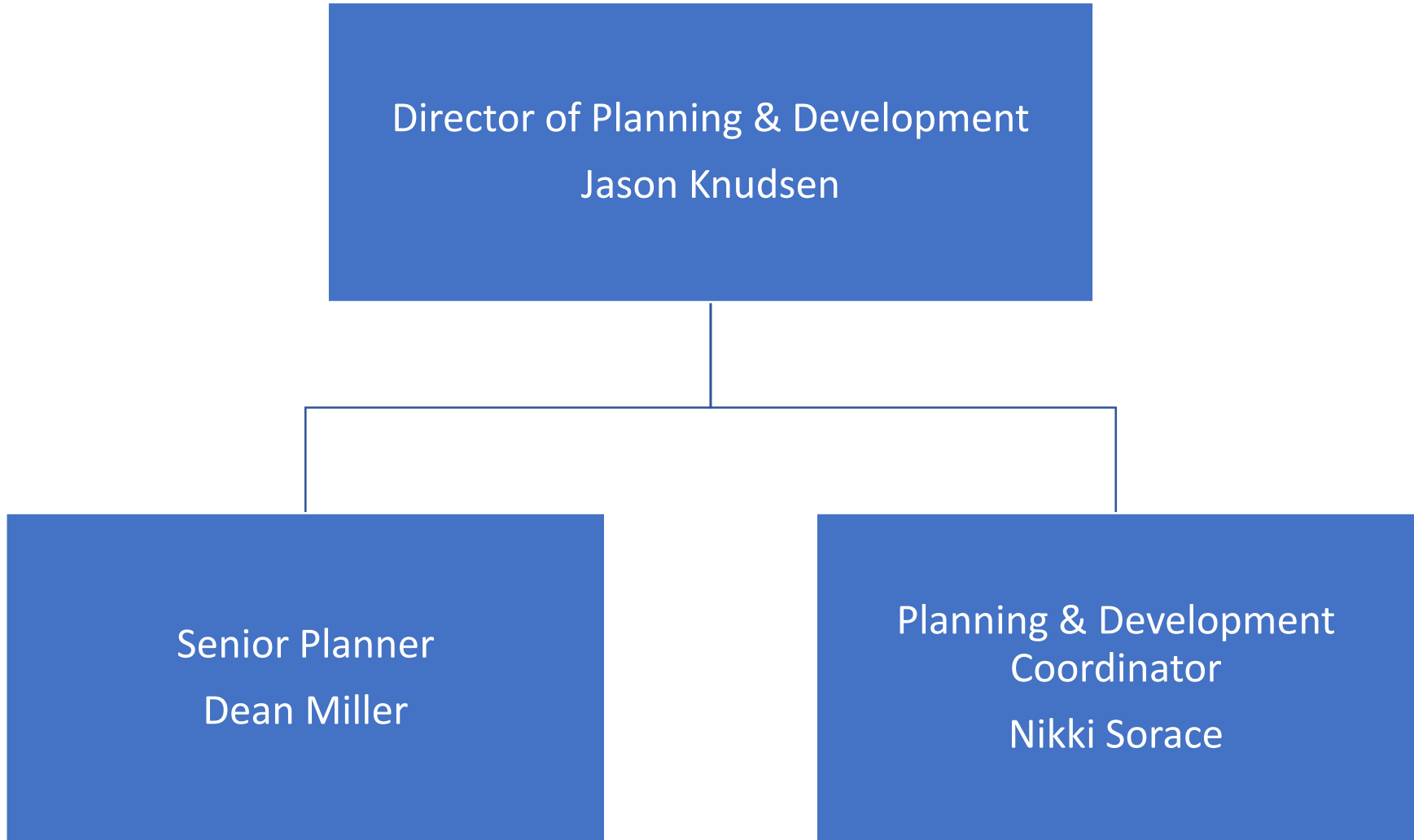


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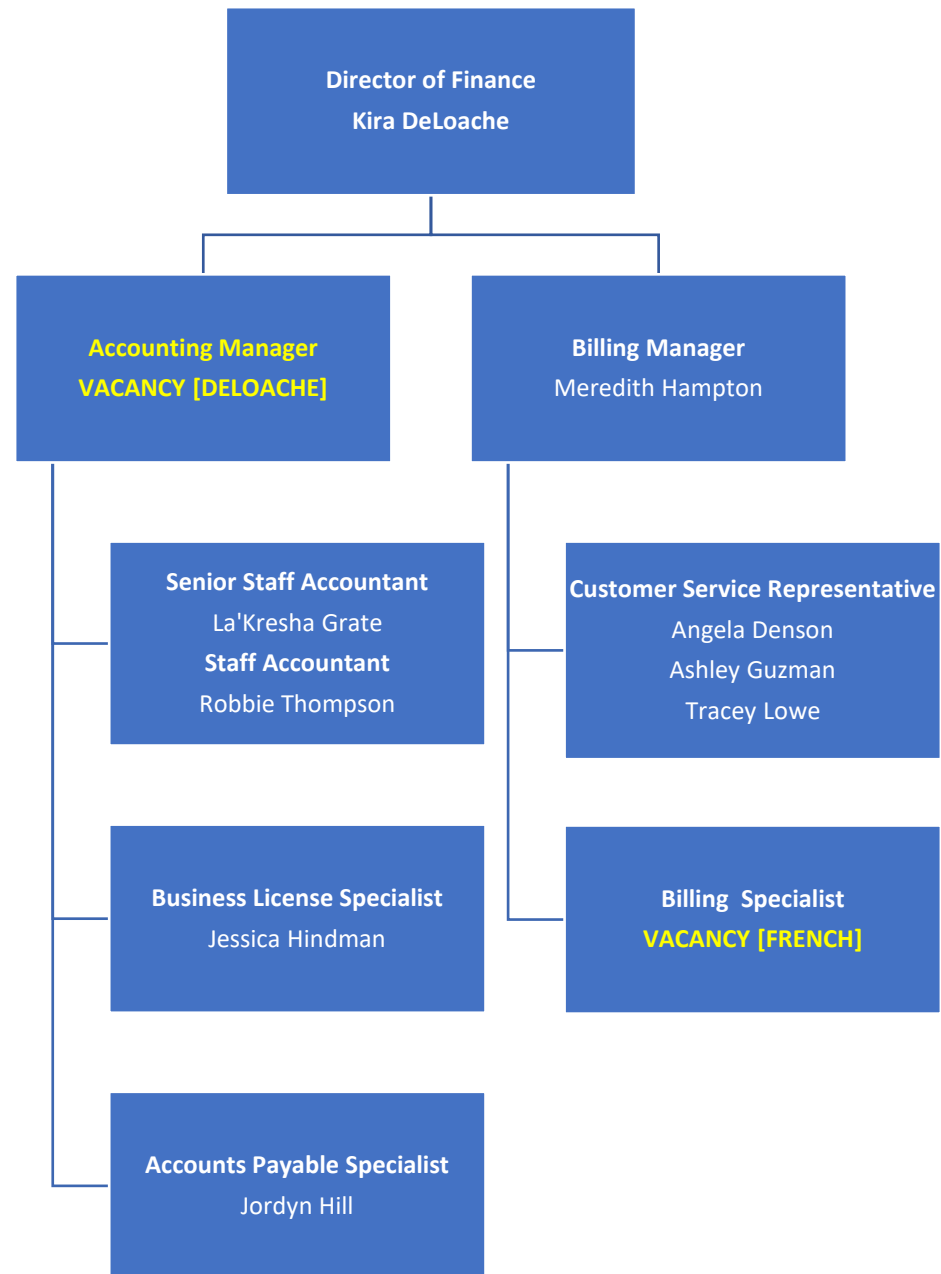
PLANNING &  
DEVELOPMENT



Updated: 11/20/2023



## 416 FINANCE



### GROWTH WISH LIST

License & Code Enforcement  
\*\*(w/425)

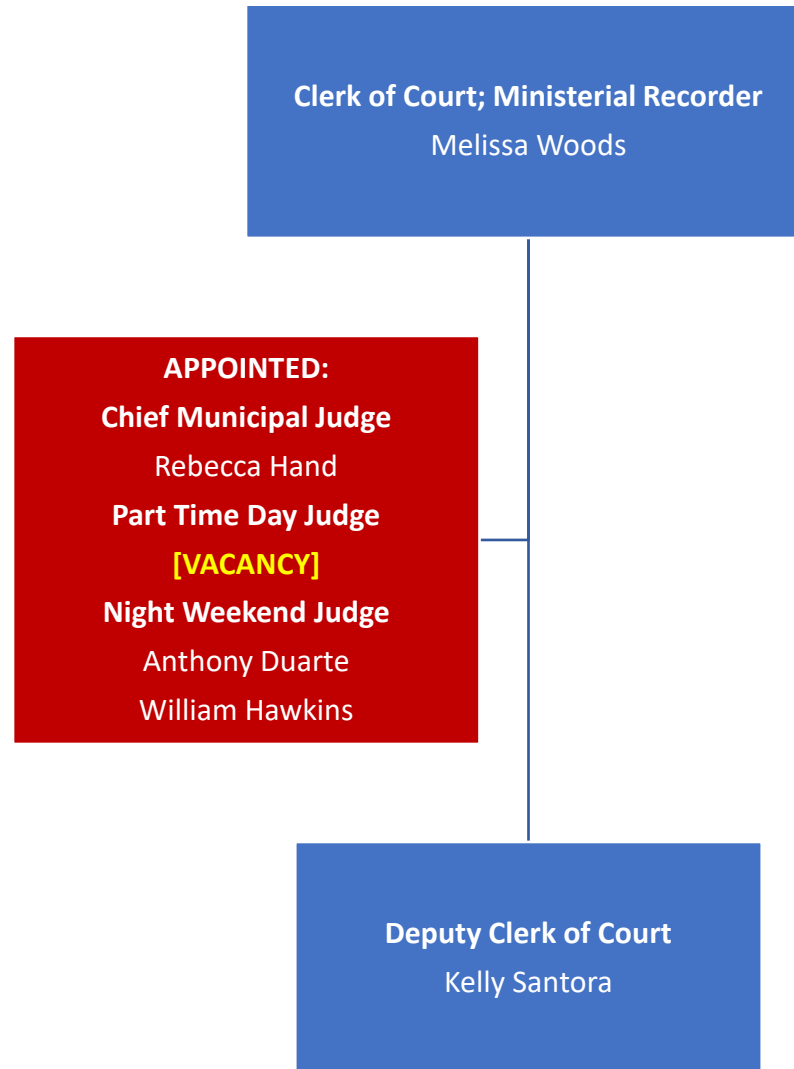
Grant Accountant  
Procurement

Updated: 11/20/2023





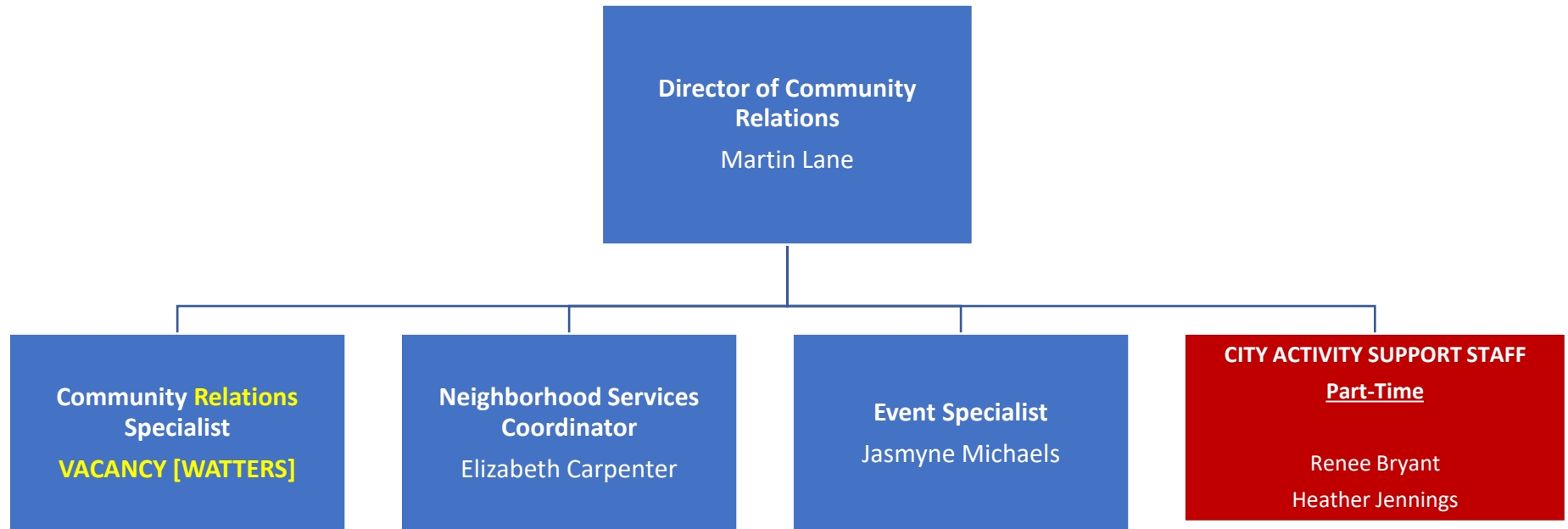
## 412 COURT





414

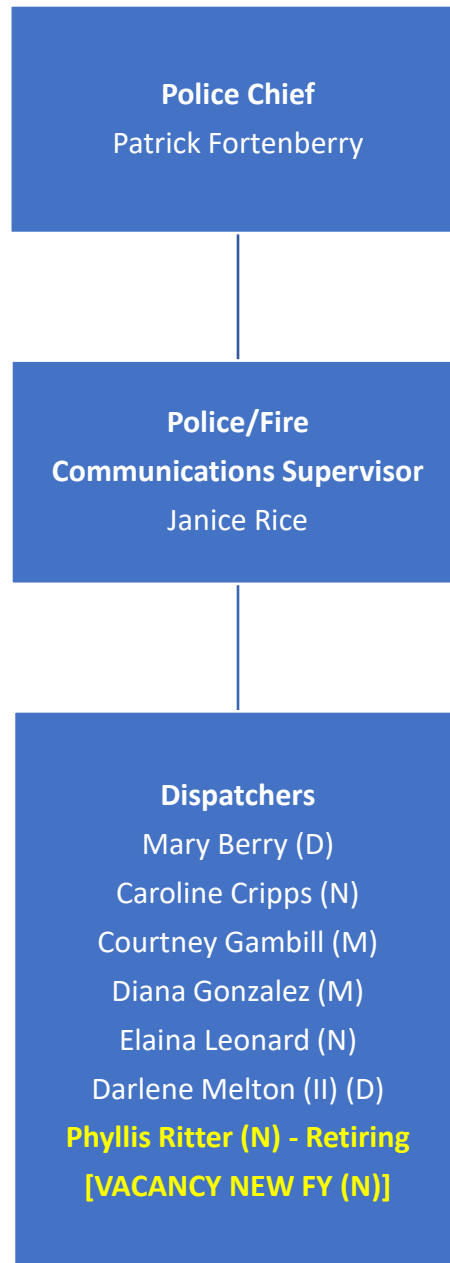
COMMUNITY  
RELATIONS



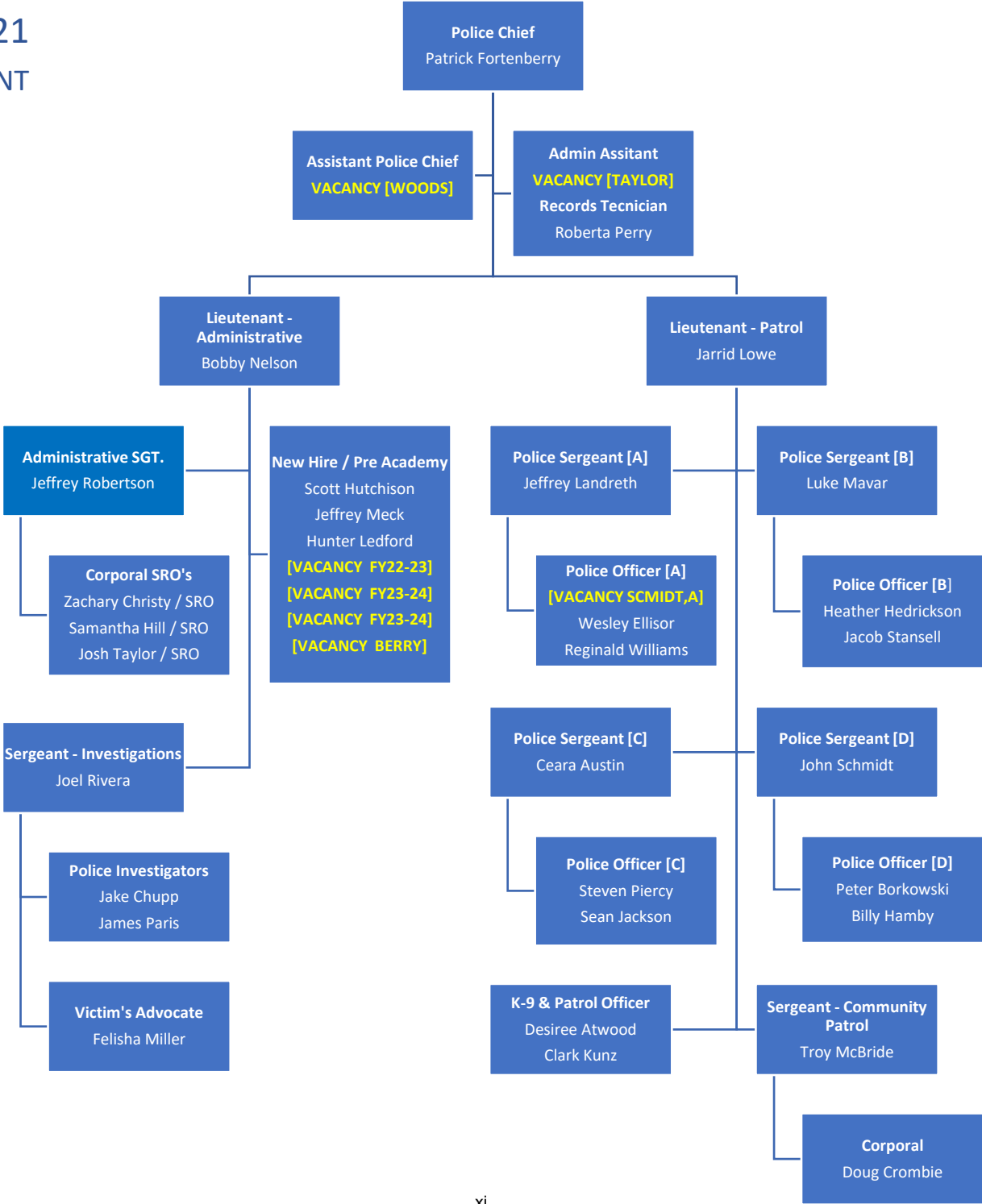
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POLICE/FIRE  
COMMUNICATIONS DIVISION



Updated: 11/20/2023

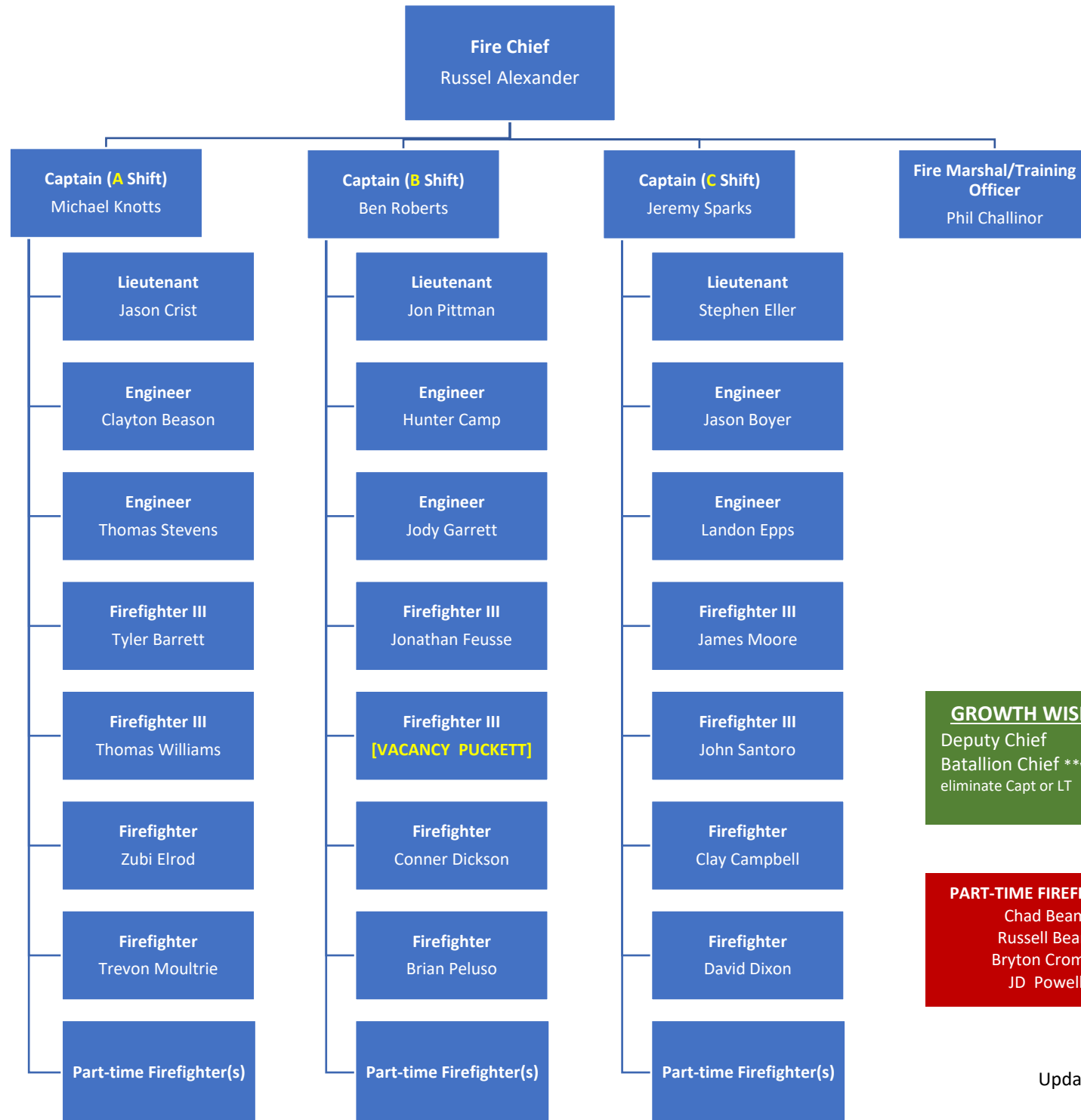




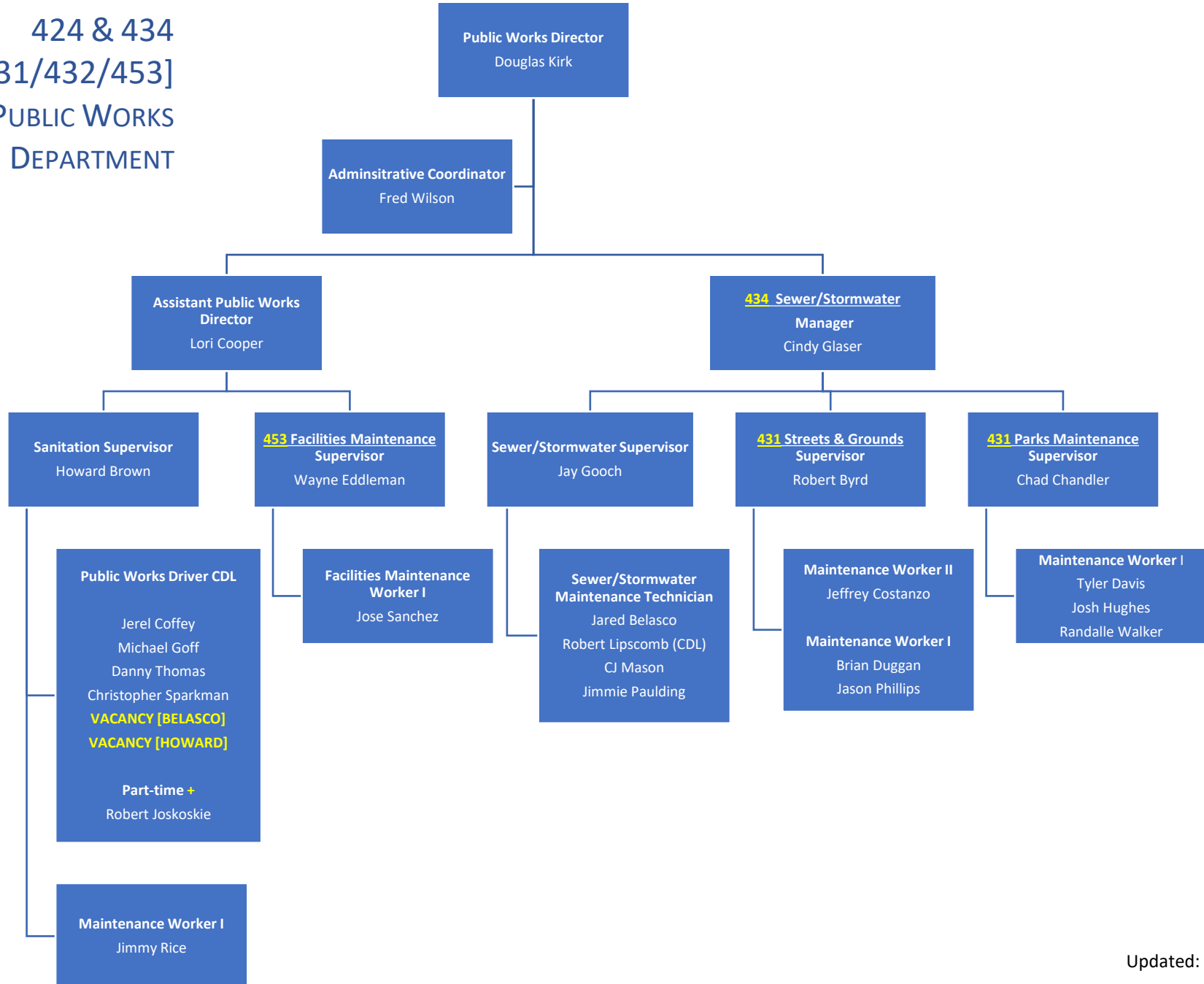


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## FIRE DEPARTMENT



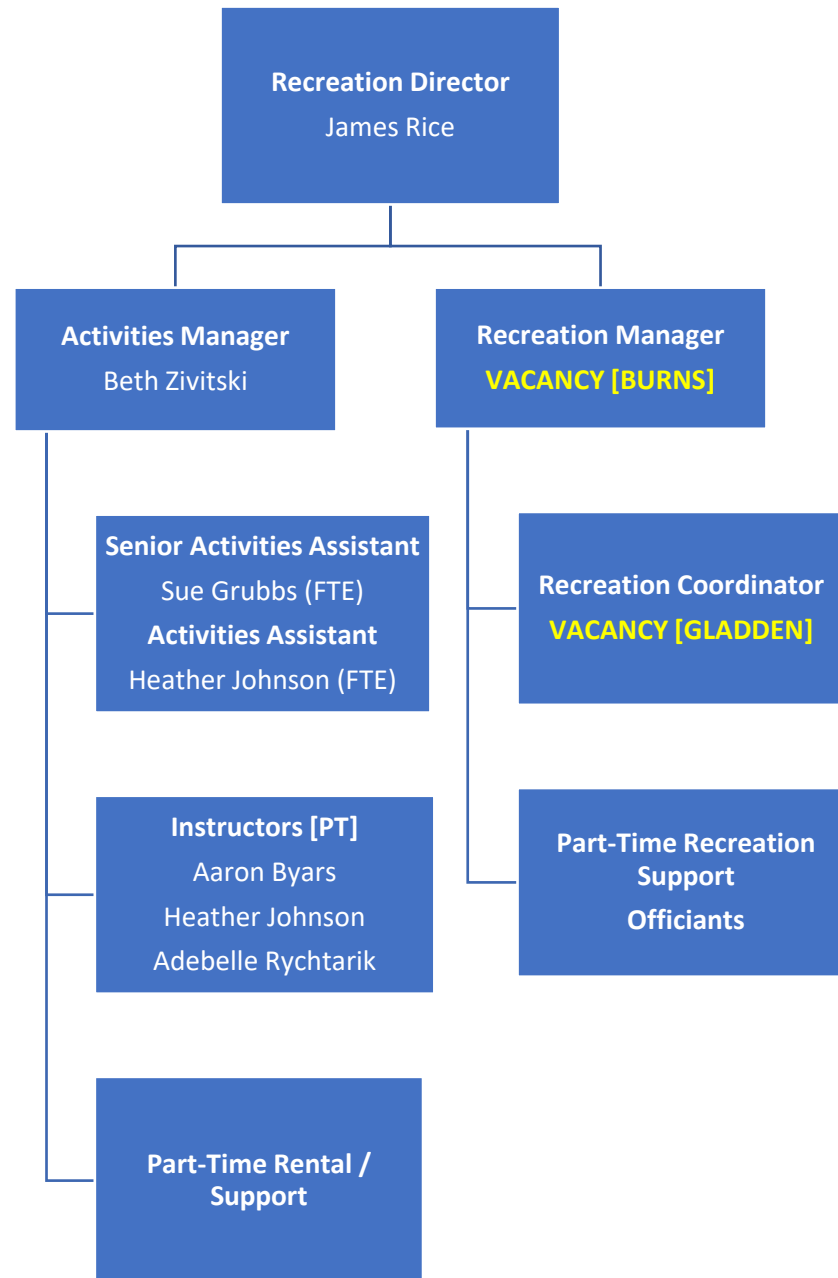
424 & 434  
[431/432/453]  
PUBLIC WORKS  
DEPARTMENT



Updated: 11/20/2023



451  
RECREATION



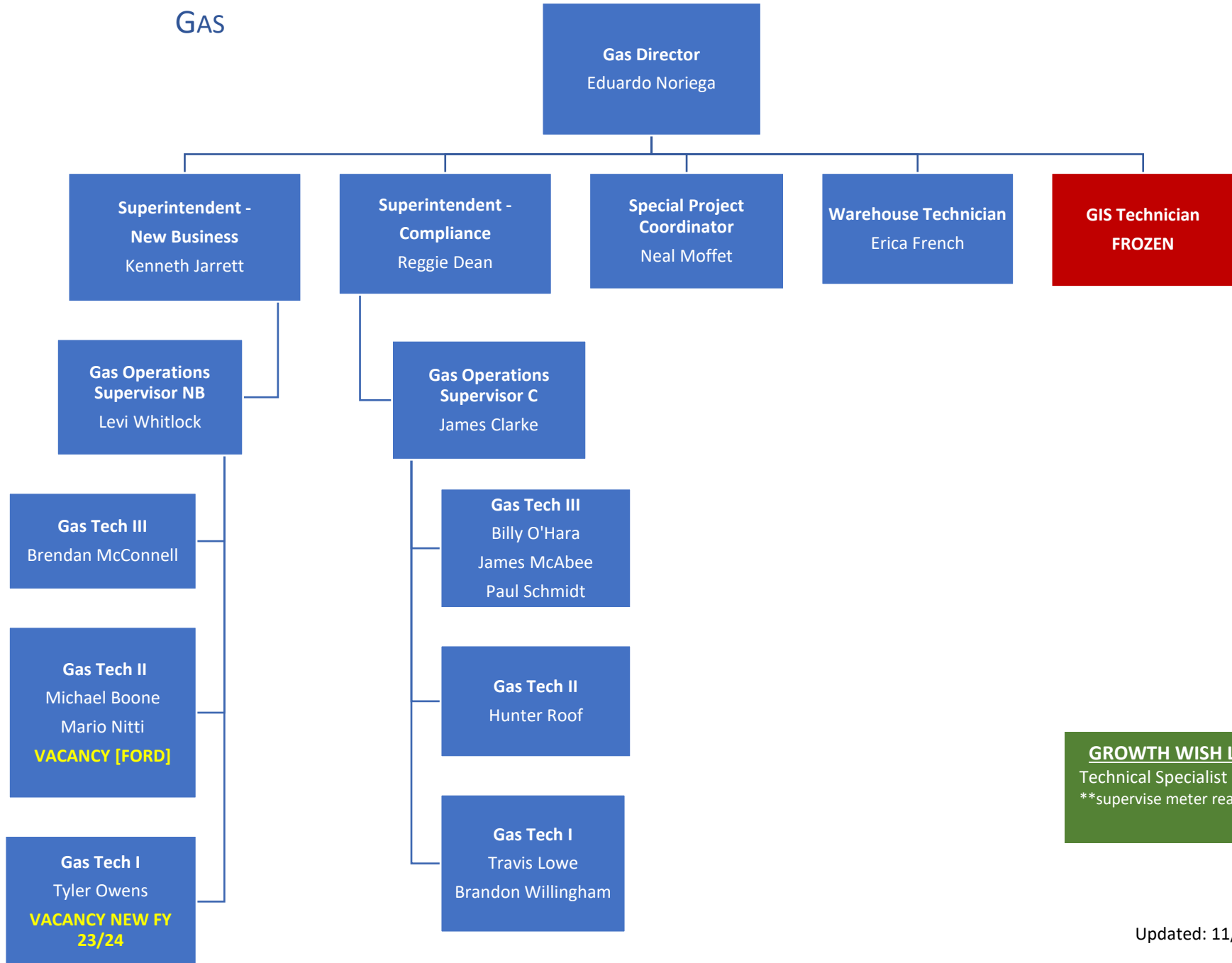
**CITY ACTIVITY SUPPORT STAFF**  
Part-Time & Seasonal

**SPORTS OFFICIALS**  
Part-Time & Seasonal

Updated: 11/20/2023



## 510 GAS



**GROWTH WISH LIST**  
Technical Specialist  
\*\*supervise meter readers

Updated: 11/20/2023



# **CITY OF FOUNTAIN INN, SOUTH CAROLINA**

## **LISTING OF PRINCIPAL OFFICIALS FOR THE YEAR ENDED JUNE 30, 2023**

---

### **Mayor**

George P. McLeer, Jr.

### **City Council Members**

Jason Sanders

Jay Thomason

Joey Garrett

Phil Clemmer

John Don

Mack Blackstone

### **City Administrator**

Shawn Bell

### **Assistant City Administrator**

Russell Slatton

### **Finance Director**

Kira DeLoache

### **City Clerk**

Elizabeth Adams

### **City Attorney**

Michael Kozlarek

### **Municipal Judge**

Rebecca Hand

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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**The Honorable Mayor and Members  
of the City Council  
Fountain Inn, South Carolina**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, the Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget (GAAP Basis) and Actual – Hospitality Tax Fund, the Schedule of Changes in the Net Other Postemployment Benefits Liability and Related Ratios, the Schedule of OPEB Contributions, the Schedules of the City's Proportionate Share of the Net Pension Liability, and the Schedules of Employer Pension Contributions as listed in the table of contents 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules for the major proprietary funds, the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and the Uniform Schedule of Court Fines, Assessments, and Surcharges, as required by the State of South Carolina (collectively the "Supplementary Information") are presented for purposes of additional analysis and are not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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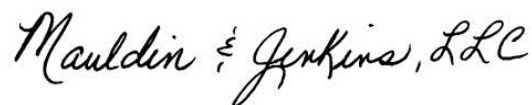
***Other Information***

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

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

***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fountain Inn, South Carolina's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina  
August 1, 2024

**City of Fountain Inn, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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This section of the City of Fountain Inn's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

In April, 2013, City Council approved an ordinance to change the fiscal year end of the City from December 31 to June 30. This change has provided reporting period consistency with the counties in which the City is located as well as the state of South Carolina, allowed for a match of the budgeting process and millage calculation with the tax billing deadlines for the counties.

**FINANCIAL HIGHLIGHTS**

The City issues both Government-wide and Fund financial statements which utilize full accrual and modified accrual accounting, respectively, as described in more detail starting on page 5. Financial highlights are as follows:

**Government-wide Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the period by approximately \$26,195,000 (*net position*). The City's total net position increased by approximately \$880,000 as revenues of approximately \$29,249,000 exceeded expenses of approximately \$28,369,000.
- The City's capital assets increased during the year ended June 30, 2023 by approximately \$6,774,000 (20.8%) to approximately \$39,397,000 at June 30, 2023. The increase was due to current period additions of approximately \$8,997,000 offset by net disposals of approximately \$543,000 and depreciation expense of approximately \$1,998,000.
- The City's long-term obligations decreased during the year ended June 30, 2023 by approximately \$1,324,000 (6.8%) to approximately \$18,158,000 at June 30, 2022, excluding net pension and other postemployment liabilities. The decrease was primarily the result of normal principal payments made during the year.

**Governmental Fund Financial Highlights**

- The City's governmental funds reported combined ending fund balances of approximately \$8,818,000, a decrease of approximately \$5,566,000. The decrease resulted primarily from the following:

Sale of Capital Assets	\$ 329,000
Expenses in excess of revenues (excluding capital outlay)	\$ -2,959,000
Issuance of short-term general obligation bonds	\$ 482,000
Transfers out, net of transfers in	\$ -2,438,000
Restatement of beginning fund balance	\$ -980,000
- Unassigned fund balance for the General Fund was approximately \$5,494,000 at June 30, 2023 compared to approximately \$5,226,000 at June 30, 2022, an increase of approximately \$268,000.
- Unassigned fund balance for the General Fund was 40.4% of total General Fund expenditures for the year ended June 30, 2023 compared to 47.3% of total General Fund expenditures for the year ended June 30, 2022. Unassigned fund balance for the General Fund as a percentage of General Fund expenditures, net of capital outlay and debt service, was 43.2% for the year ended June 30, 2023 compared to 56.5% for the year ended June 30, 2022.

## City of Fountain Inn, South Carolina

### Management's Discussion and Analysis

June 30, 2023

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- General Fund revenues were approximately \$11,402,245 for the year ended June 30, 2023 compared to approximately \$10,814,000 for the year ended June 30, 2022. General Fund expenditures were approximately \$13,589,477 for the year ended June 30, 2023 compared to approximately \$11,049,000 for the year ended June 30, 2022.
- Actual General Fund revenues were less than budgeted amounts by approximately \$2,565,000 primarily from recording of State Earmark funds. The offsetting transfer out in financing uses was also less than budget by the same amount. The funds were recorded directly to Capital Fund. The earmark difference was partially offset by a 39% increase in licenses and permits due to population growth.
- General Fund expenditures were approximately \$754,000 more than budgeted amounts, as unfavorable budget variances were achieved in most operating departments as a result of increases in personnel costs and unexpected vehicle and equipment maintenance costs.
- Hospitality Tax fund balance of approximately \$1,345,000 at June 30, 2023 increased by approximately \$293,000 as a result of revenue totaling approximately \$676,000, due to an increase in population, in excess of expenditures of approximately \$165,000, offset by transfers out to the General Fund of approximately \$218,000 to fund eligible tourism related expenditures.
- Capital Projects Fund balance of approximately \$1,740,000 at June 30, 2023 decreased by approximately \$4,880,000 from the prior year as a result of expenditures of for capital purchases exceeding investment income.

#### **Proprietary Funds Financial Highlights**

- Proprietary funds net position was approximately \$18,464,000 at June 30, 2022 compared to approximately \$18,981,000 at June 30, 2022, a decrease of approximately \$517,000.
- Proprietary funds total revenues were approximately \$15,167,000 for the year ended June 30, 2023 compared to approximately \$13,165,000 for the year ended June 30, 2022. Proprietary funds total expenses were approximately \$14,280,000 for the year ended June 30, 2023 compared to approximately \$10,379,000 for the year ended June 30, 2022. Capital Contributions expense was approximately \$3,824,000 for the year ended June 30, 2023. Transfers out and transfers in were approximately \$1,022,000 and \$3,461,000, respectively, for the year ended June 30, 2023.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of four parts - *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information), *Statistical Section*, and *Compliance Section*.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the natural gas and sewer activities.

# City of Fountain Inn, South Carolina

## Management's Discussion and Analysis

June 30, 2023

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

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**

### Major Features of City's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except Fiduciary funds)	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

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## City of Fountain Inn, South Carolina

### Management's Discussion and Analysis

June 30, 2023

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#### GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current period's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position - the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the City's financial health, or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* - Most of the City's basic services are included here, such as the police, fire, public works, parks departments and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides.

#### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

# City of Fountain Inn, South Carolina

## Management's Discussion and Analysis

June 30, 2023

- *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.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### Net Position

The City's combined net position increased approximately \$100,023 or 0.4% between June 30, 2023 and June 30, 2022. (See Table A-1.)

**Table A-1**  
**City of Fountain Inn's Net Position**

	Governmental activities		Business-type activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Assets</b>						
Current assets	\$ 12,927,011	\$ 15,493,965	\$ 7,696,015	\$ 9,554,038	\$ 20,623,026	\$ 25,048,003
Capital assets, net	<u>16,662,693</u>	<u>15,076,149</u>	<u>22,734,616</u>	<u>17,546,683</u>	<u>39,397,309</u>	<u>32,622,832</u>
Total assets	<u>29,589,704</u>	<u>30,570,114</u>	<u>30,430,631</u>	<u>27,100,721</u>	<u>60,020,335</u>	<u>57,670,835</u>
Total deferred outflows of resources	<u>2,344,674</u>	<u>2,199,776</u>	<u>478,906</u>	<u>418,111</u>	<u>2,823,580</u>	<u>2,617,887</u>
Total assets and deferred outflows of resources	<u>\$ 31,934,378</u>	<u>\$32,769,890</u>	<u>\$ 30,909,537</u>	<u>\$27,518,832</u>	<u>\$ 62,843,915</u>	<u>\$ 60,288,722</u>
<b>Liabilities</b>						
Current liabilities	\$ 4,190,035	\$ 2,265,739	\$ 1,380,633	\$ 1,517,877	\$ 5,570,668	\$ 3,783,616
Long-term liabilities	<u>19,589,915</u>	<u>21,753,018</u>	<u>11,044,392</u>	<u>6,791,824</u>	<u>30,634,307</u>	<u>28,544,842</u>
Total liabilities	<u>23,779,950</u>	<u>24,018,757</u>	<u>12,425,025</u>	<u>8,309,701</u>	<u>36,204,975</u>	<u>32,328,458</u>
Total deferred inflows of resources	<u>423,744</u>	<u>1,437,321</u>	<u>20,524</u>	<u>228,248</u>	<u>444,268</u>	<u>1,665,569</u>
<b>Net position</b>						
Net investment in capital assets	9,712,950	8,305,643	13,654,500	11,682,512	23,367,450	19,988,155
Restricted	1,485,751	7,940,407	432,737	414,469	1,918,488	8,354,876
Unrestricted (deficit)	<u>(3,468,017)</u>	<u>(8,932,238)</u>	<u>4,376,751</u>	<u>6,883,902</u>	<u>908,734</u>	<u>(2,048,336)</u>
Total net position	<u>7,730,684</u>	<u>7,313,812</u>	<u>18,463,988</u>	<u>18,980,883</u>	<u>26,194,672</u>	<u>26,294,695</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 31,934,378</u>	<u>\$ 32,769,890</u>	<u>\$ 30,909,537</u>	<u>\$ 27,518,832</u>	<u>\$ 62,843,915</u>	<u>\$ 60,288,722</u>

Net position of our governmental activities increased by approximately \$417,000. Net position of our business-type activities decreased by approximately \$517,000.

#### Changes in Net Position

The City's total revenues increased by 6.4% to approximately \$29,249,000 (See Table A-2). A significant portion of this increase is related to increases in grant revenue and contribution. Approximately 13.0% of the City's revenue was derived from property taxes, 72.4% from fees charged for services, 6.0% from grants and contributions and 8.6% from state government and other sources.

# City of Fountain Inn, South Carolina

## Management's Discussion and Analysis

June 30, 2023

The total costs of all programs and services increased approximately \$3,282,000, or 13.1% as compared to the prior year. A significant portion of this increase is related to capital expenditures, employee costs and increased fuel and natural gas costs. The City's expenses cover a range of services, with approximately 23.8% related to public safety and 50.3% related to enterprise fund operations.

**Table A-2**  
**Changes in City of Fountain Inn's Net Position**

	Governmental activities		Business-type activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,111,924	\$ 5,048,883	\$ 15,075,020	\$ 12,763,988	\$ 21,186,944	\$ 17,812,871
Operating grants and contributions	1,743,963	84,600	-	-	1,743,963	84,600
Capital grants and contributions	-	292,440	-	504,000	-	796,440
<b>General revenues:</b>						
Property taxes	3,801,951	5,224,935	-	-	3,801,951	5,224,935
Other	2,424,627	3,661,965	91,977	(103,397)	2,516,604	3,558,568
<b>Total revenues</b>	<b>14,082,465</b>	<b>14,312,823</b>	<b>15,166,997</b>	<b>13,164,591</b>	<b>29,249,462</b>	<b>27,477,414</b>
<b>Program expenses</b>						
General government	2,732,729	5,281,028	-	-	2,732,729	5,281,028
Public safety	6,763,952	5,472,074	-	-	6,763,952	5,472,074
Public Works	2,494,133	1,893,418	-	-	2,494,133	1,893,418
Recreation	887,069	1,014,627	-	-	887,069	1,014,627
Special events/community development	942,063	514,793	-	-	942,063	514,793
Interest and other charges	269,477	531,888	-	-	269,477	531,888
Natural gas	-	-	13,097,026	9,206,704	13,097,026	9,206,704
Sewer	-	-	1,182,548	1,172,247	1,182,548	1,172,247
<b>Total expenses</b>	<b>14,089,423</b>	<b>14,707,828</b>	<b>14,279,574</b>	<b>10,378,951</b>	<b>28,368,997</b>	<b>25,086,779</b>
Change in net position before transfers	(6,958)	(395,005)	887,423	2,785,640	880,465	2,390,635
Transfers in (out)	1,404,318	690,186	(1,404,318)	(690,186)	-	-
<b>Change in net position</b>	<b>1,397,360</b>	<b>295,181</b>	<b>(516,895)</b>	<b>2,095,454</b>	<b>880,465</b>	<b>2,390,635</b>
Net position, beginning of year, as restated	6,333,324	6,038,143	18,980,883	16,885,429	25,314,207	22,923,572
<b>Net position, end of year</b>	<b>\$ 7,730,684</b>	<b>\$ 6,333,324</b>	<b>\$ 18,463,988</b>	<b>\$ 18,980,883</b>	<b>\$ 26,194,672</b>	<b>\$ 25,314,207</b>



## **City of Fountain Inn, South Carolina**

### ***Management's Discussion and Analysis***

***June 30, 2023***

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#### **Governmental Activities**

The City is reliant on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes for the City is 68.7 mills for both Greenville County and Laurens County, which includes 11.6 mills for debt service. The Fire Service District carries a millage rate of 34.4 mills for the Fire Service Area of Greenville County. The assessed value is 4% of market value for residential property, 6% for commercial property, and 10.5% for industrial property. Local property taxes and fire service area revenues accounted for approximately 43.5% (\$4,960,000) of General Fund operating revenue for the year ended June 30, 2023. (Refer to Table A-2)

Expenses in the year ended June 30, 2023 were approximately \$618,000 less than the prior year. The decrease was due to decreases in general government and recreation. These decreases were slightly offset with increase in public safety, public works, and special events/community development. The decrease in debt service payments was the primary reason for the decrease. (Refer to Table A-2)

#### **Business-Type Activities**

Total revenues of the City's business-type activities were approximately \$15,167,000 for the year ended June 30, 2023 compared to approximately \$13,165,000 for the year ended June 30, 2022, as a significant portion of the increase was related to an increase in charges for services due to population growth of new customers and increases in salaries and related benefits. The total expenses were approximately \$14,280,000 for the year ended June 30, 2023 compared to approximately \$10,379,000 for the year ended June 30, 2022, as a significant portion of the increase is related to an increase in the amount of natural gas charges incurred due to higher natural gas prices and increases in sewer related expenditures due to an increase in volume. (Refer to Table A-2)

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported an increase in combined fund balance of approximately \$213,000, or a 4.0% increase over the prior year. Governmental funds expenditures exceeded revenues by approximately \$2,187,000, along with net transfers in the amount of approximately \$1,589,000 from enterprise funds and proceeds from debt issuance in the amount of approximately \$482,000, and sale of capital assets of approximately \$213,000. Other contributing factors included growth of population resulting in new customers, increased home values due to the housing market offset by increases in employee costs and related benefits.

#### **General Fund Budgetary Highlights**

Expenditures were approximately \$754,000 or 5.9% above budgeted amounts. This is primarily the result of personnel costs and unexpected vehicle and equipment maintenance.

Total revenues were approximately \$2,565,000 or 18.4% less than budgeted amounts. Contributing factors include:

- Intergovernmental grants was approximately \$3,500,000 less than budgeted amounts due primarily to recording of State Earmark funds. Offsetting transfer out was also less than budget by \$3,500,000. Revenue and expenditure was recorded directly to capital improvement fund.
- Fire service area fees was approximately \$171,000 less than budgeted due to property annexation.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the City had invested approximately \$39,397,000, net of depreciation, in a broad range of capital assets. (See Table A-3) This amount represents a net increase (including additions and deductions) of approximately \$6,774,000 or 20.1% over June 30, 2022 balances.

**Table A-3**  
**City of Fountain Inn's Capital Assets**  
**(net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,173,995	\$ 1,173,995	\$ 100,125	\$ 100,125	\$ 1,274,120	\$ 1,274,120
Construction in progress	3,293,169	1,470,058	3,830,155	1,014,981	7,123,324	2,485,039
Buildings and improvements	2,881,079	2,915,907	290,436	283,553	3,171,515	3,199,460
Land improvements	4,419,805	4,437,270	4,439	6,875	4,424,244	4,444,145
Infrastructure	3,041,555	3,107,253	-	-	3,041,555	3,107,253
Utility lines/Systems	-	-	17,987,211	15,774,001	17,987,211	15,774,001
Machinery, equipment, furniture and fixtures	253,872	302,030	303,186	195,507	557,058	497,537
Vehicles	1,599,218	1,669,636	219,064	171,641	1,818,282	1,841,277
Totals	\$ 16,662,693	\$ 15,076,149	\$ 22,734,616	\$ 17,546,683	\$ 39,397,309	\$ 32,622,832

This year's major capital asset additions included:

- Governmental activities: approximately \$279,000 in building improvements, furniture and fixtures and infrastructure transferred from construction in progress projects completed, approximately \$2,34,000 in land improvements, buildings and improvements and infrastructure projects not completed, approximately \$182,000 in land improvements complete, and approximately \$694,000 in vehicle equipment additions.
- Sewer: approximately \$115,000 in building and improvements and furniture not yet completed transferred from general fund, approximately \$368,000 in utility line/systems completed, and approximately \$160,000 in other construction projects not yet completed.
- Natural Gas: approximately \$573,000 in buildings and furniture not yet completed transferred from general fund, approximately \$2,507,000 in utility line/systems projects completed, approximately \$100,000 in vehicles and approximately \$188,000 in utility lines/systems not yet completed.

More detailed information about the City's capital assets is presented in Notes 1 and 5 to the financial statements.

**City of Fountain Inn, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Long-term Debt**

At June 30, 2023, the City had approximately \$18,158,000 in long-term obligations outstanding, excluding the net pension liability and the OPEB liability – a decrease of 6.8% over June 30, 2022, as shown in Table A-4. More detailed information about the City's long-term debt is presented in Note 9 to the financial statements.

**Table A-4**  
**City of Fountain Inn's Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Long-term obligations						
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds	8,328,382	12,977,504	9,094,571	5,883,259	17,422,953	18,860,763
Notes payable - master lease	361,000	518,983	-	-	361,000	518,983
Compensated absences	313,121	84,850	61,216	17,769	374,337	102,619
Totals	\$ 9,002,503	\$ 13,581,337	\$ 9,155,787	\$ 5,901,028	\$ 18,158,290	\$ 19,482,365

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City is geographically located in Greenville and Laurens Counties. Unemployment rates in these two counties as of June 30, 2023 were 3.5% and 4.7%, respectively, in comparison to the state rate of 3.0% and the national rate of 3.6% at the same period end.

Inflationary trends in the region compare favorably to national indices.

These indicators were taken into account when adopting the general fund budget for fiscal year 2024.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide an overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be directed to Kira DeLoache, Finance Director, 200 North Main Street, Fountain Inn, South Carolina, 29644 or by visiting [www.fountaininn.org](http://www.fountaininn.org).

## **BASIC FINANCIAL STATEMENTS**

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,386,990	\$ 2,977,779	\$ 8,364,769
Investments	1,804,050	3,219,497	5,023,547
Taxes receivable, net of allowances	104,188	-	104,188
Accounts receivable, net of allowances	56,868	719,843	776,711
Due from other governments	568,063	-	568,063
Due from county treasurer	494	-	494
Internal balances	(80,560)	80,560	-
Inventories	-	251,265	251,265
Prepaid expenses	98,045	14,334	112,379
Restricted cash and investments	4,988,873	432,737	5,421,610
Capital assets:			
Non-depreciable	4,467,164	3,930,280	8,397,444
Depreciable, net of accumulated depreciation	12,195,529	18,804,336	30,999,865
<b>Total assets</b>	<b>29,589,704</b>	<b>30,430,631</b>	<b>60,020,335</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	2,262,798	464,451	2,727,249
Other postemployment benefits	81,876	-	81,876
Deferred charge on refunding	-	14,455	14,455
<b>Total deferred outflows of resources</b>	<b>2,344,674</b>	<b>478,906</b>	<b>2,823,580</b>
<b>LIABILITIES</b>			
Accounts payable	1,583,540	872,314	2,455,854
Accrued liabilities	500,373	156,274	656,647
Unearned revenues	1,936,433	138,411	2,074,844
Other liabilities	40,248	142,000	182,248
Accrued interest payable	129,441	71,634	201,075
Long-term liabilities:			
Due within one year	977,531	896,996	1,874,527
Due in more than one year	8,024,972	8,258,791	16,283,763
Other long-term liabilities due in more than one year:			
Net pension liability	9,201,264	1,888,605	11,089,869
Net other postemployment benefits liability	1,386,148	-	1,386,148
<b>Total liabilities</b>	<b>23,779,950</b>	<b>12,425,025</b>	<b>36,204,975</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	99,993	20,524	120,517
Other postemployment benefits	323,751	-	323,751
<b>Total deferred inflows of resources</b>	<b>423,744</b>	<b>20,524</b>	<b>444,268</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,712,950	13,654,500	23,367,450
Restricted for:			
Community development	1,345,284	-	1,345,284
Public safety	140,467	-	140,467
Debt service	-	432,737	432,737
Unrestricted	(3,468,017)	4,376,751	908,734
<b>Total net position</b>	<b>\$ 7,730,684</b>	<b>\$ 18,463,988</b>	<b>\$ 26,194,672</b>

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

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,732,729	\$ 3,645,339	\$ 1,304,614	\$ -
Public safety	6,763,952	1,332,677	348,566	-
Public works	2,494,133	730,757	85,900	-
Recreation	887,069	292,434	4,883	-
Community development	942,063	110,717	-	-
Interest and fiscal charges on long-term debt	269,477	-	-	-
Total governmental activities	<u>14,089,423</u>	<u>6,111,924</u>	<u>1,743,963</u>	<u>-</u>
Business-type activities:				
Natural gas	13,097,026	13,511,665	-	-
Sewer	1,182,548	1,563,355	-	-
Total business-type activities	<u>14,279,574</u>	<u>15,075,020</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 28,368,997</u>	<u>\$ 21,186,944</u>	<u>\$ 1,743,963</u>	<u>\$ -</u>

General revenues:

Property taxes levied for general operations

Hospitality taxes

Franchise fees

Other taxes

Local government distributions, not restricted for specific purposes

Gain on sale of capital assets

Investment income

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ 2,217,224	\$ -	\$ 2,217,224
(5,082,709)	-	(5,082,709)
(1,677,476)	-	(1,677,476)
(589,752)	-	(589,752)
(831,346)	-	(831,346)
(269,477)	-	(269,477)
<u>(6,233,536)</u>	<u>-</u>	<u>(6,233,536)</u>
-	414,639	414,639
-	380,807	380,807
-	795,446	795,446
<u>(6,233,536)</u>	<u>795,446</u>	<u>(5,438,090)</u>
3,801,951	-	3,801,951
671,076	-	671,076
776,669	-	776,669
342,345	-	342,345
257,115	-	257,115
104,120	43,195	147,315
236,551	48,782	285,333
36,751	-	36,751
1,404,318	(1,404,318)	-
<u>7,630,896</u>	<u>(1,312,341)</u>	<u>6,318,555</u>
1,397,360	(516,895)	880,465
6,333,324	18,980,883	25,314,207
<u>\$ 7,730,684</u>	<u>\$ 18,463,988</u>	<u>\$ 26,194,672</u>

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>General Fund</b>	<b>Hospitality Tax Fund</b>	<b>Capital Projects Fund</b>	<b>American Recovery Plan Act Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,334,271	\$ 1,434,836	\$ 3,441,755	\$ 3,024,202	\$ 140,799	\$ 10,375,863
Investments	1,804,050	-	-	-	-	1,804,050
Taxes receivable, net of allowances	104,188	-	-	-	-	104,188
Accounts receivable, net of allowances	-	56,868	-	-	-	56,868
Intergovernmental receivables	568,063	-	-	-	-	568,063
Due from county treasurer	494	-	-	-	-	494
Due from other funds	1,710,313	-	25,000	-	-	1,735,313
Prepaid expenditures	98,045	-	-	-	-	98,045
<b>Total assets</b>	<b>\$ 6,619,424</b>	<b>\$ 1,491,704</b>	<b>\$ 3,466,755</b>	<b>\$ 3,024,202</b>	<b>\$ 140,799</b>	<b>\$ 14,742,884</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 435,309	\$ -	\$ 816,165	\$ 332,066	\$ -	\$ 1,583,540
Accrued salaries and fringe benefits	500,373	-	-	-	-	500,373
Unearned revenues	2,467	-	-	1,933,966	-	1,936,433
Other accrued liabilities	40,248	-	-	-	-	40,248
Due to other funds	-	146,420	910,951	758,170	332	1,815,873
<b>Total liabilities</b>	<b>978,397</b>	<b>146,420</b>	<b>1,727,116</b>	<b>3,024,202</b>	<b>332</b>	<b>5,876,467</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	48,624	-	-	-	-	48,624
<b>Total deferred inflows of resources</b>	<b>48,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,624</b>
<b>FUND BALANCES</b>						
Nonspendable	98,045	-	-	-	-	98,045
Restricted for:						
Capital projects	-	-	1,739,639	-	-	1,739,639
Community development programs	-	1,345,284	-	-	-	1,345,284
Public safety	-	-	-	-	140,467	140,467
Unassigned	5,494,358	-	-	-	-	5,494,358
<b>Total fund balances</b>	<b>5,592,403</b>	<b>1,345,284</b>	<b>1,739,639</b>	<b>-</b>	<b>140,467</b>	<b>8,817,793</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,619,424</b>	<b>\$ 1,491,704</b>	<b>\$ 3,466,755</b>	<b>\$ 3,024,202</b>	<b>\$ 140,799</b>	<b>\$ 14,742,884</b>

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



# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

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

Fund balances, end of year	\$	8,817,793
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,662,693
Other long term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		48,624
Deferred outflows of resources related to the recording of the net pension liability and net OPEB liability are recognized as expense over time and, therefore, are not reported in the funds.		2,344,674
Deferred inflows of resources related to the recording of the net pension liability and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.		(423,744)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$	(313,121)
Installment purchase revenue bonds		(7,640,000)
Revenue bonds		(688,382)
Financed purchases		(361,000)
Net pension liability		(9,201,264)
Net other postemployment benefits liability		(1,386,148)
Total long-term liabilities		(19,589,915)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(129,441)
Net position of governmental activities, end of year	\$	<u><u>7,730,684</u></u>

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

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Hospitality Tax Fund</b>	<b>Capital Projects Fund</b>	<b>American Recovery Plan Act Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Property taxes	\$ 3,792,676	\$ -	\$ -	\$ -	\$ -	\$ 3,792,676
Other taxes	-	671,076	-	-	-	671,076
Licenses and permits	3,645,339	-	-	-	-	3,645,339
Franchise fees	776,669	-	-	-	-	776,669
Intergovernmental	613,523	-	-	1,720,517	4,500	2,338,540
Charges for services	1,142,528	-	-	-	-	1,142,528
Fire service area	1,167,448	-	-	-	-	1,167,448
Special events and community development	110,717	-	-	-	-	110,717
Fines and forfeitures	38,089	-	-	-	7,803	45,892
Investment income	73,622	5,080	157,700	-	149	236,551
Contributions and donations	4,883	-	-	-	-	4,883
Miscellaneous	36,751	-	-	-	-	36,751
Total revenues	<u>11,402,245</u>	<u>676,156</u>	<u>157,700</u>	<u>1,720,517</u>	<u>12,452</u>	<u>13,969,070</u>
<b>Expenditures:</b>						
Current:						
General government	1,902,087	-	3,862	213,000	-	2,118,949
Public safety	6,026,171	-	-	332,066	33,741	6,391,978
Public works	1,828,437	-	-	-	-	1,828,437
Recreation	849,653	-	-	-	-	849,653
Community development	710,831	8,849	-	-	-	719,680
Capital outlay	869,775	22,471	2,107,624	483,313	-	3,483,183
Debt service:						
Principal retirement	1,137,183	112,122	-	-	-	1,249,305
Interest	250,140	21,664	-	-	-	271,804
Issuance costs	15,200	-	-	-	-	15,200
Total expenditures	<u>13,589,477</u>	<u>165,106</u>	<u>2,111,486</u>	<u>1,028,379</u>	<u>33,741</u>	<u>16,928,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,187,232)</u>	<u>511,050</u>	<u>(1,953,786)</u>	<u>692,138</u>	<u>(21,289)</u>	<u>(2,959,119)</u>
<b>Other financing sources (uses):</b>						
Issuance of debt	482,000	-	-	-	-	482,000
Transfers in	1,847,184	-	25,000	-	-	1,872,184
Transfers out	(258,616)	(218,436)	(2,952,056)	(881,174)	-	(4,310,282)
Sale of capital assets	329,502	-	-	-	-	329,502
Total other financing sources (uses)	<u>2,400,070</u>	<u>(218,436)</u>	<u>(2,927,056)</u>	<u>(881,174)</u>	<u>-</u>	<u>(1,626,596)</u>
Net change in fund balances	212,838	292,614	(4,880,842)	(189,036)	(21,289)	(4,585,715)
<b>Fund balances, beginning of year, as restated</b>	<u>5,379,565</u>	<u>1,052,670</u>	<u>6,620,481</u>	<u>189,036</u>	<u>161,756</u>	<u>13,403,508</u>
<b>Fund balances, end of year</b>	<u>\$ 5,592,403</u>	<u>\$ 1,345,284</u>	<u>\$ 1,739,639</u>	<u>\$ -</u>	<u>\$ 140,467</u>	<u>\$ 8,817,793</u>

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

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(4,585,715)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	3,236,900	
Depreciation expense		(1,186,182)	
			2,050,718

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(225,382)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		9,275
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of general obligation bonds	\$	(482,000)	
Repayment of the principal of long-term debt		1,249,305	
			767,305

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The net changes are as follows:

Compensated absences	\$	(228,271)	
Accrued interest on long-term debt		17,527	
Net pension liability and related deferred outflows/inflows of resources		(142,983)	
Net OPEB liability and related deferred outflows/inflows of resources		(107,530)	
			(461,257)

Some transfers between governmental activities and business-type activities including the transfer of long-term assets and long-term liabilities and related accrued interest and, therefore, are not reported at the fund level.

Transfer of long-term assets to business-type activities	\$	(238,792)	
Transfer of long-term liabilities and related accrued interest to business-type activities		4,081,208	
			3,842,416

Change in net position of governmental activities	\$	1,397,360
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# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

	Natural Gas Fund	Sewer Fund	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,197,760	\$ 1,780,019	\$ 2,977,779
Investments	2,943,597	275,900	3,219,497
Accounts receivable, net of allowances	453,406	266,437	719,843
Inventory	251,265	-	251,265
Due from other funds	2,146	257,807	259,953
Prepaid expenses	10,088	4,246	14,334
Restricted investments	286,070	146,667	432,737
Total current assets	<u>5,144,332</u>	<u>2,731,076</u>	<u>7,875,408</u>
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Non-depreciable	3,238,472	691,808	3,930,280
Depreciable, net of accumulated depreciation	12,599,111	6,205,225	18,804,336
Total noncurrent assets	<u>15,837,583</u>	<u>6,897,033</u>	<u>22,734,616</u>
Total assets	<u>20,981,915</u>	<u>9,628,109</u>	<u>30,610,024</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	355,088	109,363	464,451
Deferred charge on refunding	-	14,455	14,455
Total deferred outflows of resources	<u>355,088</u>	<u>123,818</u>	<u>478,906</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	864,677	7,637	872,314
Unearned revenue	138,411	-	138,411
Other accrued liabilities	148,568	7,706	156,274
Due to other funds	179,393	-	179,393
Customer deposits	142,000	-	142,000
Compensated absences	40,293	5,619	45,912
Accrued interest payable	55,503	16,131	71,634
Current portion of revenue bonds payable	493,966	357,118	851,084
Total current liabilities	<u>2,062,811</u>	<u>394,211</u>	<u>2,457,022</u>
<b>NONCURRENT LIABILITIES</b>			
Compensated absences, net of current portion	13,431	1,873	15,304
Revenue bonds payable, net of current portion	5,852,000	2,391,487	8,243,487
Net pension liability	1,443,901	444,704	1,888,605
Total noncurrent liabilities	<u>7,309,332</u>	<u>2,838,064</u>	<u>10,147,396</u>
Total liabilities	<u>9,372,143</u>	<u>3,232,275</u>	<u>12,604,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	15,691	4,833	20,524
Total deferred inflows of resources	<u>15,691</u>	<u>4,833</u>	<u>20,524</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,491,617	4,162,883	13,654,500
Restricted for debt service	286,070	146,667	432,737
Unrestricted	2,171,482	2,205,269	4,376,751
Total net position	<u>\$ 11,949,169</u>	<u>\$ 6,514,819</u>	<u>\$ 18,463,988</u>

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

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Natural Gas Fund	Sewer Fund	Totals
<b>OPERATING REVENUES</b>			
Natural gas sales	\$ 11,645,680	\$ -	\$ 11,645,680
Sewer fees	-	1,563,355	1,563,355
Other charges for services	1,865,985	-	1,865,985
Total operating revenues	13,511,665	1,563,355	15,075,020
<b>OPERATING EXPENSES</b>			
Natural gas purchases	8,403,016	-	8,403,016
Personnel services	2,157,896	551,825	2,709,721
Contractual services	434,105	-	434,105
Materials and supplies	238,493	-	238,493
Other operating expenses	1,162,665	275,135	1,437,800
Depreciation expense	537,348	274,002	811,350
Total operating expenses	12,933,523	1,100,962	14,034,485
Operating income	578,142	462,393	1,040,535
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	28,547	20,235	48,782
Gain on sale of assets	4,619	38,576	43,195
Interest expense	(163,503)	(81,586)	(245,089)
Total nonoperating expenses, net	(130,337)	(22,775)	(153,112)
Income before capital contributions and transfers	447,805	439,618	887,423
<b>CAPITAL CONTRIBUTIONS EXPENSE</b>	(3,202,013)	(640,403)	(3,842,416)
<b>TRANSFERS</b>			
Transfers in	2,675,560	785,049	3,460,609
Transfers out	(1,022,511)	-	(1,022,511)
Total transfers	1,653,049	785,049	2,438,098
Change in net position	(1,101,159)	584,264	(516,895)
<b>Total net position, beginning of year</b>	13,050,328	5,930,555	18,980,883
<b>Total net position, end of year</b>	\$ 11,949,169	\$ 6,514,819	\$ 18,463,988

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

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Natural Gas Fund	Sewer Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 13,835,739	\$ 1,279,082	\$ 15,114,821
Payments to suppliers	(8,952,365)	(404,946)	(9,357,311)
Payments to employees	(2,403,475)	(598,092)	(3,001,567)
Net cash provided by operating activities	<u>2,479,899</u>	<u>276,044</u>	<u>2,755,943</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	2,675,560	785,049	3,460,609
Transfers out	<u>(1,022,511)</u>	<u>-</u>	<u>(1,022,511)</u>
Net cash provided by noncapital financing activities	<u>1,653,049</u>	<u>785,049</u>	<u>2,438,098</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(4,893,282)	(867,207)	(5,760,489)
Proceeds from the sale of capital assets	4,619	38,576	43,195
Principal paid on revenue bonds	(481,451)	(347,037)	(828,488)
Interest and agent fees paid	<u>(164,681)</u>	<u>(81,072)</u>	<u>(245,753)</u>
Net cash used in capital and related financing activities	<u>(5,534,795)</u>	<u>(1,256,740)</u>	<u>(6,791,535)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(52,686)	(19,224)	(71,910)
Interest received	<u>55,022</u>	<u>20,235</u>	<u>75,257</u>
Net cash provided by investing activities	<u>2,336</u>	<u>1,011</u>	<u>3,347</u>
Net change in cash	(1,399,511)	(194,636)	(1,594,147)
Cash and cash equivalents, beginning of year	2,597,271	1,974,655	4,571,926
Cash and cash equivalents, end of year	<u>\$ 1,197,760</u>	<u>\$ 1,780,019</u>	<u>\$ 2,977,779</u>
Classified as:			
Cash and cash equivalents	\$ 1,197,760	\$ 1,780,019	\$ 2,977,779
	<u>\$ 1,197,760</u>	<u>\$ 1,780,019</u>	<u>\$ 2,977,779</u>

(Continued)

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Natural Gas Fund	Sewer Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 578,142	\$ 462,393	\$ 1,040,535
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	537,348	274,002	811,350
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	327,026	(26,466)	300,560
Increase in inventory	82,537	-	82,537
(Increase) decrease in due from other funds	322,722	(257,807)	64,915
(Increase) decrease in prepaid expenses	7,344	(570)	6,774
Increase in deferred outflow of resources	(50,041)	(15,387)	(65,428)
Increase (decrease) in accounts payable	723,453	(81,282)	642,171
Decrease in accrued liabilities	(290,479)	(65,239)	(355,718)
Decrease in customer deposits	(67,750)	-	(67,750)
Decrease in unearned revenue	(2,952)	-	(2,952)
Increase (decrease) in due to other funds	179,393	(47,959)	131,434
Increase in compensated absences	38,215	5,232	43,447
Increase in net pension liability	253,742	78,050	331,792
Decrease in deferred inflows or resources	(158,801)	(48,923)	(207,724)
Net cash provided by operating activities	<u>\$ 2,479,899</u>	<u>\$ 276,044</u>	<u>\$ 2,755,943</u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized loss on investments	\$ (26,475)	\$ -	\$ (26,475)
Transfer of long-term assets from governmental activities	198,993	39,799	238,792
Transfer of long-term liabilities and related accrued interest from governmental activities	(3,401,006)	(680,202)	(4,081,208)
	<u>\$ (3,228,488)</u>	<u>\$ (640,403)</u>	<u>\$ (3,868,891)</u>

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

		<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash		<u>\$ 152,464</u>
Total assets		<u>152,464</u>
<b>LIABILITIES</b>		
Other liabilities		<u>2,081</u>
Total liabilities		<u>2,081</u>
<b>FIDUCIARY NET POSITION</b>		
Restricted for others		<u>150,383</u>
Total fiduciary net position		<u><u>\$ 150,383</u></u>

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



# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Insurance premium taxes	\$ 137,416
Forfeitures	77,089
Interest	28
	<hr/>
Total additions	214,533
	<hr/>
<b>DEDUCTIONS</b>	
Fire department activities	61,924
Law enforcement activities	2,226
	<hr/>
Total deductions	64,150
	<hr/>
Change in fiduciary net position	150,383
Fiduciary net position, beginning of year	-
	<hr/>
<b>Fiduciary net position, end of year</b>	<b>\$ 150,383</b>
	<hr/> <hr/>

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

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **City of Fountain Inn, South Carolina** (the “City”), have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America 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. The more significant of the government’s accounting policies are described below.

#### **Reporting Entity**

The City is an incorporated municipality located in Greenville and Laurens Counties, South Carolina that was established in 1886. Section 47-26 of the 1962 Code of Laws, as amended (“Home Rule Act”), requires that municipalities adopt a specific form of government. Effective July 1, 2018, the City began operating under a Council form of government. The six city council members serve 4-year staggered terms and the mayor is elected for a 4-year term; they are collectively referred to as “Council.”

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Reporting Entity (Continued)**

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has one blended component unit.

**Blended Component Unit** – The Fountain Inn Facilities Corporation (FIFC) is a not-for-profit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a “support corporation” for capital projects in the City. Because FIFC exclusively benefits the City, FIFC's financial information is blended with that of the City in these basic financial statements. Separate financial information for FIFC is included in individual columns through the financial statements. FIFC does not issue separate financial statements.

Based on the criteria above, the City has no discretely presented component units.

The governmental activities of the City include general government, public safety (police and fire), public service (streets and sanitation services), recreation, and community development.

#### **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 primary government, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of charges between City's natural gas and sewer funds and various other functions of the City. Elimination of these charges would distort the direct costs and revenues of the various functions concerned. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

##### *Government-wide Financial Statements (Continued)*

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

##### *Fund Financial Statements*

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental funds are those through which all governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the City's major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

The **Hospitality Tax Fund**, a major fund, is used to account for hospitality tax revenues that are restricted to expenditures for specific tourism generating purposes and debt service on Commerce Park, a tourism and economic center in the City.

The **Capital Projects Fund**, a major fund, is used to account for and report the accumulation of financial resources that are restricted, committed or assigned for the acquisition of capital assets or construction of major capital facilities for the City. The activity of the City's blended component unit, Fountain Inn Facilities Corporation, is reported in this fund.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The ***American Recovery Plan Act Fund***, a major fund, is used to account for funds received from the United States Treasury related to recovery from the coronavirus pandemic. Part of these funds are for replacement of revenue lost during the pandemic and other funds are to be used for specific purposes related to recovery from the pandemic.

The ***Other Governmental Funds***, nonmajor funds, are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. These funds include the following: Victims Fund and the EUDL Police Fund.

***Proprietary Fund Types*** are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types include the following funds:

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

The City has two major enterprise funds:

The ***Natural Gas Fund***, a budgeted fund, is used to account for the City's natural gas operations.

The ***Sewer Fund***, a budgeted fund, is used to account for the City's sewer line maintenance operations.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Fiduciary Fund Types** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City's fiduciary funds consist of custodial funds which use the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements.

**Custodial Funds** - The funds are utilized to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. Custodial funds consists primarily of various revenues collected, temporarily retained and distributed by the City Treasurer to other parties in accordance with State of South Carolina statutes.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., various governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool (LGIP) to be cash equivalents. Securities with an initial maturity of more than three months when initially purchased are reported as investments. The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the City to invest in the following:

- (1) Obligations of the United States and agencies thereof;
- (2) General obligations of the State of South Carolina or any of its political units;
- (3) Financial institutions to the extent that the same are insured by an agency of the federal government;
- (4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (5) Repurchase agreements when collateralized by securities as set forth in this section;
- (6) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or other financial institution when acting as trustee or agent for a bond or other debt issue of the City, if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), and (5) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Investments are stated at fair value; except that repurchase agreements and U.S. Government agencies that have a maturity at the time of purchase of one year or less are shown at amortized cost.

The City has certain funds invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC), an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940.



## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash and Investments (Continued)

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. The City's cash investment objectives are preservation of capital, liquidity and yield.

#### Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund receivables or payables have been recorded.

Property taxes receivable represent current real and personal property tax as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those received by the City within 60 days, are recorded as unavailable tax revenue in the governmental funds and thus not recognized as revenue until collected.

The City receives property taxes on real and personal property located in Greenville County and Laurens County, South Carolina. Property taxes are assessed and collected by the Counties under joint billing and collection agreements. Real property and all personal property taxed other than vehicle property taxes attach as an enforceable lien on property other than vehicles and are payable without penalty until January 15<sup>th</sup> of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 <sup>th</sup> through February 1 <sup>st</sup>	-	3%
February 2 <sup>nd</sup> through March 15 <sup>th</sup>	-	10% of tax
After March 15 <sup>th</sup>	-	15% of tax plus collection cost

Current year real and personal property taxes become delinquent on March 16<sup>th</sup>. Unpaid property taxes become a lien against the property as of June 1<sup>st</sup> of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges, and services, including natural gas and sewer fees and charges.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as inventory or prepaid items using the consumption method. A current asset for the inventory or prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which inventory or services are consumed.

#### Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the acquisition value at the date of donation. The City maintains a capitalization threshold of \$5,000 for its capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15 - 40 years
Improvements (other than building)	10 - 20 years
Machinery and equipment	3 - 10 years
Vehicles	5 - 10 years
Furniture and fixtures	5 - 10 years
Infrastructure	20 - 50 years

#### Restricted Assets

Certain cash, cash equivalents and investments are restricted on the basic financial statements as they have been set aside for specific purposes. These assets have been restricted because their use is (a) limited to purchases of certain capital assets as outlined in a capital lease agreement, (b) limited for debt service or (c) limited for other special purposes.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources until then. The government has two items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the proprietary funds statement of net position and the government-wide business type activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the change in net pension and other postemployment benefits (OPEB) liabilities and not included in pension and OPEB expense, which may be reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and OPEB liabilities are reported as deferred outflows of resources.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The first item is *unavailable revenue*, which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item in this category is the change in net pension and OPEB liabilities as discussed in the preceding paragraph.

#### Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund financial statements. The governmental funds will also recognize compensated absences for termination and retirements that occurred prior to year-end and are expected to be paid within a short time subsequent to year end, if they are material. No compensated absences were recognized in the governmental funds as unpaid at June 30, 2023.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Compensated Absences (Continued)**

Employees eligible for leave include regular full-time employees after one year of service. Employees may carry 96 hours and firemen may carry 144 hours of unused annual leave from one year to the next. Starting in fiscal year 2017, carryover of absences occurs at each employee's anniversary date of their hire. Upon voluntary termination of employment, a maximum of 40 hours of annual leave accrued by an employee is liquidated by a lump sum payment at their regular rate of pay provided one year of service has been completed and a two-week notice has been satisfied. The two-week notice may be waived by the City Administrator.

Sick leave is earned at the rate of eight hours per month. Employees are authorized to carry over a maximum of ninety days of unused sick leave per calendar year. Upon termination of employment, employees are not paid for unused sick leave. Accordingly, sick leave is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

#### **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

#### **Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension liability and the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS), South Carolina Police Officers Retirement System (PORS) and OPEB plan, and additions to/deductions from SCRS, PORS, and the OPEB fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS, and the OPEB plan. 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Balance

The equity section of the governmental fund balance sheet is comprised of these major fund balance elements: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is self-imposed limitations imposed at the highest level of decision-making authority. Assigned fund balances is a limitation imposed by the City Administrator. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. The General Fund is the only fund that reports a positive unassigned fund balance.

The City Council is the City's highest level of decision making. The City Council can establish, modify or rescind a fund balance commitment through adoption of an ordinance. The City Administrator has the authority, under adoption of a budget ordinance, to assign fund balance amounts to a specific purpose; the City Administrator is hired by, and serves at the pleasure of, the City Council.

The City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned or unassigned amounts could be used the City considers the expenditures to be used in this respective order.

In the governmental fund financial statements, the City can establish commitments of fund balance which are to reflect plans for financial resource utilization in future periods. Commitments of fund balance represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in expenditures. Currently, commitments of fund balance include amounts committed for fund balance policy, which represents funds set aside by resolution of the Council to meet seasonal cash flow shortfalls. The policy sets aside a minimum of 20% of the General Fund operating expenditures. The unassigned General Fund balance at June 30, 2023, is 40.4% of General Fund operating expenditures. The City's policy states that if the unassigned General Fund balance falls below 20%, then the City will rebuild the balance within one year.

At year end, no encumbrances were outstanding.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Position

Net position represents the difference between assets, deferred outflows/inflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position components as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### Accounting Estimates

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

### NOTE 2. BUDGETARY ACCOUNTING AND REPORTING

#### Budgetary Policies

An annual appropriated budget is adopted for the General Fund and the Hospitality Tax Special Revenue Fund and is presented as required supplementary information. The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. No supplemental appropriations were approved during the year for the General Fund or the Hospitality Tax Special Revenue Fund.

At June 30, 2023, General Fund expenditures were over budget by approximately \$753,000 due mostly to an increase in personnel expenses related to salary increases and additional debt payments and related issuance costs. Transfers from the Natural Gas Fund and Hospitality Tax Fund were used to supplement the capital outlay and special events/community development departmental expenditures.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 2. BUDGETARY ACCOUNTING AND REPORTING (CONTINUED)

#### Budgetary Policies (Continued)

The following is the City's procedure for establishing and adopting a budget:

1. During the month of May, the City Administrator submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through Council approval.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Hospitality Tax Special Revenue Fund and the Proprietary Funds. The legal level of control for each budget is maintained at the departmental level.
5. All budgets are adopted on an accounting basis that is consistent with generally accepted accounting principles.
6. The City Council adopts a budget ordinance at the outset of each fiscal year establishing revenue anticipated on a line-item basis and appropriations on a departmental basis. The City Council has authority to amend the approved budget during the fiscal year as necessary as recommended by management.

### NOTE 3. DEPOSITS AND INVESTMENTS

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. At June 30, 2023 the carrying amount of the City's deposits was \$13,937,843 and the bank balances were \$14,214,707. All of the City's deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC) insurance or collateral held in the pledging financial institution's trust departments in the City's name. Petty cash on hand totaled \$1,000 at June 30, 2023.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Investments

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	6 - 10
Money market mutual funds	\$ 61,638	\$ 61,638	\$ -	\$ -
United States Agencies	2,127,605	451,510	1,676,095	-
United States Treasuries	454,004	343,813	110,191	-
South Carolina Local Government Investment Pool	2,380,300	2,380,300	-	-
	<u>\$ 5,023,547</u>	<u>\$ 3,237,261</u>	<u>\$ 1,786,286</u>	<u>\$ -</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy states that the portfolio shall be designed to obtain a market rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices other than state law. As of June 30, 2023, the underlying security ratings of the City's investment in the South Carolina Local Government Investment Pool may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

The State Treasurer's Office  
Local Government Investment Pool  
Post Office Box 11778  
Columbia, South Carolina 29211



## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Credit Risk (Continued)

The fair value of the City's position in the LGIP is the same as the value of pool shares. The regulatory oversight for the LGIP is the State of South Carolina.

State statute authorizes the City to invest in obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investor Service, Inc. and Standard and Poor's Corporation or their respective successor's; interest bearing accounts in savings and loan associations to the extent that the same are secured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian of a market value not less than the amount of the certificates of deposits so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner. As of June 30, 2023, the City's investments are made in accordance with Section 6-5-10 of the South Carolina Code of Law. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Investment Pool, which is unrated, of which; the fair value of the City's investments is the same as the value of the pooled shares. The City's investments in the money market fund, repurchase agreement, and certificate of deposit are also unrated. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices.

#### Concentration of Credit Risk

The City's investment policy states that with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution. Investments in external investment pools are excluded from this disclosure requirement.

Of the City's restricted cash and investments of \$5,421,610 at June 30, 2023, \$3,472,566 was restricted for (1) debt service related to the 2013 Natural Gas Revenue Refunding Bonds, 2015 Natural Gas Revenue Bonds, 2012 Sewer Revenue Refunding Bonds, and 2014 Sewer Revenue Bonds; (2) 2021 IPRB Bond funds for capital projects; and (3) funds to be used for other capital projects.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Reconciliation to the Financial Statements

The following reconciles deposits and investments to cash and cash equivalents and investments, as presented in the statement of net position as of June 30, 2023:

Disclosures regarding deposits and investment:

Cash on hand	\$ 1,000
Carrying value of deposits	13,937,843
Fair value of investments	5,023,547
Total	<u>\$ 18,962,390</u>

Statement of net position:

Cash and cash equivalents	\$ 8,364,769
Investments	5,023,547
Restricted cash and investments	5,421,610

Statement of fiduciary net position:

Cash and cash equivalents	152,464
Total	<u>\$ 18,962,390</u>

### NOTE 4. RECEIVABLES

Receivables as of June 30, 2023, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>		
	<b>General Fund</b>	<b>Hospitality Tax Fund</b>	<b>Total</b>
Receivables:			
Taxes	\$ 107,127	\$ -	\$ 107,127
Accounts	568,063	56,868	624,931
Due from County Treasurer	494	-	494
Total receivables	675,684	56,868	732,552
Less allowance for uncollectible accounts	(2,939)	-	(2,939)
Net receivables	<u>\$ 672,745</u>	<u>\$ 56,868</u>	<u>\$ 729,613</u>
	<b>Business-type Activities</b>		
	<b>Natural Gas Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
Receivables:			
Accounts receivable	859,245	266,437	1,125,682
Total receivables	859,245	266,437	1,125,682
Less allowance for uncollectible accounts	(405,839)	-	(405,839)
Net receivables	<u>\$ 453,406</u>	<u>\$ 266,437</u>	<u>\$ 719,843</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, non-depreciable:					
Land	\$ 1,173,995	\$ -	\$ -	\$ -	\$ 1,173,995
Construction in progress	1,470,058	2,340,791	-	(517,680)	3,293,169
Total capital assets, non-depreciable	<u>2,644,053</u>	<u>2,340,791</u>	<u>-</u>	<u>(517,680)</u>	<u>4,467,164</u>
Capital assets, depreciable:					
Buildings and improvements	5,659,080	-	-	105,560	5,764,640
Furnitures and fixtures	71,542	-	-	9,209	80,751
Land improvements	4,837,872	181,877	-	-	5,019,749
Infrastructure	7,984,742	-	-	164,119	8,148,861
Machinery and equipment	1,015,815	20,267	-	-	1,036,082
Vehicles	5,585,962	693,965	(404,312)	-	5,875,615
Total capital assets, depreciable	<u>25,155,013</u>	<u>896,109</u>	<u>(404,312)</u>	<u>278,888</u>	<u>25,925,698</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,743,173)	(140,388)	-	-	(2,883,561)
Furnitures and fixtures	(62,279)	(4,664)	-	-	(66,943)
Land improvements	(400,602)	(199,342)	-	-	(599,944)
Infrastructure	(4,877,489)	(229,817)	-	-	(5,107,306)
Machinery and equipment	(723,048)	(72,970)	-	-	(796,018)
Vehicles	(3,916,326)	(539,001)	178,930	-	(4,276,397)
Total accumulated depreciation	<u>(12,722,917)</u>	<u>(1,186,182)</u>	<u>178,930</u>	<u>-</u>	<u>(13,730,169)</u>
Total capital assets, depreciable, net	<u>12,432,096</u>	<u>(290,073)</u>	<u>(225,382)</u>	<u>278,888</u>	<u>12,195,529</u>
Total governmental activities capital assets, net	<u>\$ 15,076,149</u>	<u>\$ 2,050,718</u>	<u>\$ (225,382)</u>	<u>\$ (238,792)</u>	<u>\$ 16,662,693</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, non-depreciable:					
Land	\$ 100,125	\$ -	\$ -	\$ -	\$ 100,125
Construction in progress	1,014,982	3,502,746	-	(687,573)	3,830,155
Total capital assets, non-depreciable	<u>1,115,107</u>	<u>3,502,746</u>	<u>-</u>	<u>(687,573)</u>	<u>3,930,280</u>
Capital assets, depreciable:					
Buildings and improvements	647,903	30,082	-	-	677,985
Land improvements	6,875	-	-	-	6,875
Utility lines/systems	27,206,983	1,948,868	-	926,365	30,082,216
Machinery and equipment	1,366,496	178,400	(18,896)	-	1,526,000
Vehicles	623,311	100,393	(120,155)	-	603,549
Total capital assets, depreciable	<u>29,851,568</u>	<u>2,257,743</u>	<u>(139,051)</u>	<u>926,365</u>	<u>32,896,625</u>
Less accumulated depreciation for:					
Buildings and improvements	(364,350)	(23,199)	-	-	(387,549)
Infrastructure	(2,092)	(344)	-	-	(2,436)
Utility lines/systems	(11,430,889)	(664,116)	-	-	(12,095,005)
Machinery and equipment	(1,170,989)	(70,721)	18,896	-	(1,222,814)
Vehicles	(451,670)	(52,970)	120,155	-	(384,485)
Total accumulated depreciation	<u>(13,419,990)</u>	<u>(811,350)</u>	<u>139,051</u>	<u>-</u>	<u>(14,092,289)</u>
Total capital assets, depreciable, net	<u>16,431,578</u>	<u>1,446,393</u>	<u>-</u>	<u>926,365</u>	<u>18,804,336</u>
Total governmental activities capital assets, net	<u>\$ 17,546,685</u>	<u>\$ 4,949,139</u>	<u>\$ -</u>	<u>\$ 238,792</u>	<u>\$ 22,734,616</u>

#### Governmental activities:

General government	\$ 256,732
Public safety	215,190
Public works	482,204
Recreation	20,058
Community Development	211,998
Total depreciation expense - governmental activities	<u>\$ 1,186,182</u>

#### Business-type activities:

Enterprise funds:	
Natural gas fund	\$ 537,348
Sewer fund	274,002
Total depreciation expense - business-type activities	<u>\$ 811,350</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023, (which are expected to be received or paid within one year) consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental	\$ 332
General Fund	Hospitality Tax	146,420
General Fund	Capital Projects	910,951
General Fund	American Rescue Plan	473,217
General Fund	Enterprise - Natural Gas	179,393
Capital Projects	American Rescue Plan	25,000
Enterprise - Natural Gas	American Rescue Plan	2,146
Enterprise -- Sewer	American Rescue Plan	257,807
		<u>\$ 1,995,266</u>

All of the above balances are scheduled to be collected in the subsequent period. The balances at June 30, 2023, resulted from the time lag between the dates that the interfund goods and services were provided or reimbursable expenses occurred and the dates that such transactions are processed for payment.

### NOTE 7. TRANSFERS IN AND (OUT)

Transfers from (to) other funds for the year ended June 30, 2023, were for the purpose of supplementing capital projects and special events/community development activity in the general and sewer funds, and consisted of the following:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	America Rescue Plan	\$ 606,237
General Fund	Enterprise - Natural Gas	1,022,511
General Fund	Hospitality Tax	218,436
Capital Projects	America Rescue Plan	25,000
Enterprise - Natural Gas	General Fund	215,513
Enterprise - Sewer	General Fund	43,103
Enterprise - Natural Gas	Capital Projects	2,460,047
Enterprise - Sewer	Capital Projects	492,009
Enterprise - Sewer	America Rescue Plan	249,937
		<u>\$ 5,332,793</u>

During the fiscal year ended June 30, 2022, the City issued Installment Purchase Revenue Bonds for the construction of the new Utility Complex. The proceeds and payments were originally recorded in the governmental funds. The City determined that the outstanding IPRB and related capital assets should be allocated amongst the General, Natural Gas, and Sewer Funds. As such the City recorded a transfer between governmental activities and business-type activities on the Government-Wide Statement of Net Position.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 8. SHORT-TERM OBLIGATIONS

The City issued General Obligation Bond Series 2023 on September 9, 2022, in the amount of \$482,000, with interest at 0.75%, due March 1, 2023, for the purpose of making payments on the 2019 IPRB and 2021 IPRB bonds. The City incurred issuance costs of \$15,200 related to this issuance. The bond was paid in full during March 2023, along with interest in the amount of \$11,703.

### NOTE 9. LONG-TERM OBLIGATIONS

Detail for each outstanding long-term debt and financed purchases issue as of June 30, 2023 was as follows:

#### Revenue Bonds

**2012 Sewer Revenue Refunding Bond** - issued December 2012 in the amount of \$3,706,982. Bonds are due in annual installments ranging from \$80,412 to \$276,699 through 2029, with interest at 2.67%. The proceeds were used to currently refund the 2009 Sewer Revenue Bonds (\$3,830,000 outstanding at the time of refunding), resulting in a loss on refunding of \$38,300 due to a one percent premium on early repayment. This loss is being amortized over 17 years which is both the remaining life of the refunded bond and the new 2012 bond. The refunding reduced the total debt service over 17 years by \$683,577 resulting in an economic gain on refunding the 2009 Sewer Revenue Bond of \$262,653.

**2013A Accommodations and Hospitality Tax Revenue Refunding Bond** - issued January 9, 2013, in the amount of \$914,833. Bonds are due in annual installments ranging from \$47,337 to \$70,710 through 2029, with interest at 2.75%. Debt issuance costs of approximately \$18,000 were expensed. The proceeds were used to currently refund the 2009 ground lease/purchasing agreement (\$900,000 outstanding at the time of refunding). The refunding reduced the total debt service over 17 years by \$136,048 resulting in an economic loss on refunding the ground lease/purchasing agreement of \$39,664.

**2013B Accommodations and Hospitality Tax Revenue Bond** - issued May 16, 2013, in the amount of \$785,000. Bonds are due in annual installments ranging from \$44,300 to \$62,200 through 2028, with interest at 2.65%. The proceeds of the bond issue were used for construction or acquisition of capital assets.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 9. LONG-TERM OBLIGATIONS (CONTINUED)

#### Revenue Bonds (Continued)

**Installment Purchase Revenue Bond (IPRB Series 2019)** - issued May 1, 2019, in the amount of \$6,199,000 by the Fountain Inn Facilities Corporation, which is due in annual principal installments of \$182,000 to \$420,000 beginning December 1, 2019, and ending December 1, 2038. Interest is payable annually on December 1st at a rate of 3.32%. The proceeds from the IPRB - Series 2019 will be used for certain city improvement projects.

**Installment Purchase Revenue Bond (IPRB Series 2021)** - issued August 24, 2021, in the amount of \$7,125,000 by the Fountain Inn Facilities Corporation, which is due in annual principal installments of \$267,000 to \$455,000 beginning December 1, 2021, and ending December 1, 2040. Interest is payable annually on December 1st at a rate of 2.05%. The proceeds from the IPRB - Series 2021 will be used for certain city improvement projects.

**2013 Natural Gas Revenue Refunding Bond** - issued July 16, 2013, in the amount of \$2,167,785. Bonds are due in annual installments ranging from \$197,549 to \$237,966 through 2023, with interest at 2.28%. Debt issuance costs of approximately \$52,000 were paid from proceeds of new issued bonds. The proceeds were used to currently refund the 2008 Natural Gas Revenue Bonds (\$2,575,000 outstanding at the time of refunding), resulting in a loss on refunding of \$23,800 due to a one percent premium on early repayment. This loss is being amortized over 10 years which is both the remaining life of the refunded bond and the new 2013 bond. The refunding reduced the total debt service over 10 years by \$636,498 resulting in an economic gain on refunding the 2008 Natural Gas Revenue Bond of \$200,013.

**2014 Sewer Revenue Bond** - issued December 16, 2014, in the amount of \$1,118,000. Bonds are due in annual installments ranging from \$35,000 to \$99,000 through 2029, with interest at 3.08%. The proceeds of the bond issue were used for construction or acquisition of capital assets.

**2015A Natural Gas Revenue Bond** - issued November 23, 2015, in the amount of \$3,465,000. Bonds are due in annual installments ranging from \$40,000 to \$435,000 through 2030, with interest at 2.98%. The proceeds of the bond issued were used for construction or acquisition of capital assets.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 9. LONG-TERM OBLIGATIONS (CONTINUED)

#### Revenue Bonds (Continued)

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance	Due within One Year
<b>Governmental Activities:</b>						
Revenue bonds	\$ 12,977,504	\$ -	\$ (609,322)	\$ (4,039,800)	\$ 8,328,382	\$ 631,690
General obligation bonds	-	482,000	(482,000)	-	-	-
Financed purchases	518,983	-	(157,983)	-	361,000	111,000
Net pension liability	7,583,095	2,993,219	(1,375,050)	-	9,201,264	-
Net other postemployment benefits liability	1,595,329	158,158	(367,339)	-	1,386,148	-
Compensated absences	84,850	391,454	(163,183)	-	313,121	234,841
Total governmental activities	<u>\$ 22,759,761</u>	<u>\$ 4,024,831</u>	<u>\$ (3,154,877)</u>	<u>\$ (4,039,800)</u>	<u>\$ 19,589,915</u>	<u>\$ 977,531</u>
<b>Business-type Activities:</b>						
Revenue bonds	\$ 5,883,259	\$ -	\$ (828,488)	\$ 4,039,800	\$ 9,094,571	\$ 851,084
Net pension liability	1,556,813	412,219	(80,427)	-	1,888,605	-
Compensated absences	17,769	71,789	(28,342)	-	61,216	45,912
Total business-type activities	<u>\$ 7,457,841</u>	<u>\$ 484,008</u>	<u>\$ (937,257)</u>	<u>\$ 4,039,800</u>	<u>\$ 11,044,392</u>	<u>\$ 896,996</u>

Presented below is a summary of the debt service requirements to maturity by year for the governmental and business-type funds of the City:

	Revenue Bonds		
	Principal	Interest	Total
<b>Governmental Activities:</b>			
2024	\$ 631,690	\$ 239,569	\$ 871,259
2025	646,588	220,846	867,434
2026	668,414	201,666	870,080
2027	617,124	181,823	798,947
2028	632,256	163,746	796,002
2029 - 2033	2,129,710	591,722	2,721,432
2034 - 2038	2,191,400	295,955	2,487,355
2039 - 2041	811,200	30,946	842,146
	<u>\$ 8,328,382</u>	<u>\$ 1,926,273</u>	<u>\$ 10,254,655</u>



## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 9. LONG-TERM OBLIGATIONS (CONTINUED)

#### Revenue Bonds (Continued)

Presented below is a summary of the debt service requirements to maturity by year for the governmental and business-type funds of the City:

	Revenue Bonds		
	Principal	Interest	Total
<b>Business-type Activities:</b>			
2024	\$ 851,084	\$ 224,856	\$ 1,075,940
2025	882,270	202,383	1,084,653
2026	906,599	178,318	1,084,917
2027	931,110	153,580	1,084,690
2028	957,408	128,150	1,085,558
2029 - 2033	2,673,698	326,185	2,999,883
2034 - 2038	1,146,600	147,919	1,294,519
2039 - 2041	745,802	30,786	776,588
	<u>\$ 9,094,571</u>	<u>\$ 1,392,177</u>	<u>\$ 10,486,748</u>

All General Obligation are direct obligations of the City, which pledged its full faith and credit upon issuance. The Installment Purchase Revenue Bonds and Sewer and Natural Gas Revenue Bonds are to be repaid from the operations of those funds. The full faith, credit, and taxing powers of the City are not pledged for the payment of the Installment Purchase Revenue Bonds and Sewer and Natural Gas Revenue Bonds. Resources from the General Fund, Hospitality Tax Fund and the Enterprise Funds have been used to liquidate the City's long-term obligations.

There are numerous limitations, restrictions, and covenants contained in the bond indentures and ordinances. At June 30, 2023, management believes the City is in compliance with all significant restrictions and covenants.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 9. LONG-TERM OBLIGATIONS (CONTINUED)

#### Revenue Bonds (Continued)

Interest paid on the debt issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be refunded to the federal government. The City reported no arbitrage liability at June 30, 2023.

The South Carolina Constitution, as amended, provides that no City shall incur any bonded debt which shall exceed 8% of the assessed value of the property therein and no such debt shall be created without the electors of such City voting in favor of such further bonded debt. As of June 30, 2023, the City had no bonded debt subject to the 8% limit of approximately \$3,917,000, resulting in an unused legal debt margin of approximately \$3,917,000.

#### Financed Purchases

The City's financed purchases payable are a culmination of various contracts with a broad range for machinery and equipment. The City has three (3) outstanding financed purchase agreements related to the acquisition of vehicles and other equipment for the Sanitation department. Presented below is a summary of the debt service requirements to maturity by year for the governmental and business-type funds of the City:

In June 2018, the City entered into a financed purchase agreement with Zion Bank in the amount of \$232,540 for the purpose of acquiring various pieces of equipment. Payments are due in annual installments of \$50,472 through 2023, with interest at 3.05%. In July 2020, the City entered into a financed purchase agreement with Truist Bank in the amount of \$443,000 for the purpose of acquiring various pieces of equipment. Payments are due in annual installments ranging from \$92,000 to \$93,000 through 2026, with interest at 1.42%. In October 2021, the City entered into a financed purchase agreement with Bank of Travelers Rest in the amount of \$113,000 for the purpose of acquiring various pieces of equipment. Payments are due in annual installments ranging from \$23,000 to \$24,000 through 2027, with interest at 1.34%.

	Financed Purchases		
	Principal	Interest	Total
<b>Governmental Activities:</b>			
2024	\$ 111,000	\$ 5,053	\$ 116,053
2025	113,000	3,495	116,495
2026	114,000	1,908	115,908
2027	23,000	308	23,308
	<u>\$ 361,000</u>	<u>\$ 10,764</u>	<u>\$ 371,764</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 10. PENSION PLANS

#### Retirement Plan

##### Overview

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

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

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

##### Plan Description

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Plan Description (Continued)

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

##### Membership

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

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

*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.

##### 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 benefit terms for each system is presented below.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Benefits (Continued)

**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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over the 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Contributions (Continued)

Required employee contribution rates<sup>1</sup> are as follows:

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

Required employer contribution rates<sup>1</sup> are as follows:

	Fiscal Year 2023	Fiscal Year 2022
SCRS		
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 Incidental Death Program	0.20%	0.20%

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

Contributions to the SCRS and PORS pension plans from the City were \$663,945 and \$583,711, respectively, for the year ended June 30, 2023.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Net Pension Liability

For the year ended June 30, 2023, the City reported a liability of \$6,449,235 and \$4,640,634 for its proportionate share of the SCRS and PORS net pension liability (NPL), respectively. The NPL was measured as of June 30, 2022, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of July 1, 2021, and projected forward. The City's proportionate share of the NPL was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. As of the June 30, 2022 measurement date, the City's proportionate share of the SCRS and PORS plans were .02660 percent and .15474 percent, respectively.

##### Non-employer Contributions

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for the City's fiscal year 2023. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2022 measurement period, PEBA provided non-employer contributions to the City in the amount of \$38,866 which is shown as a reduction of net pension liability and other grant revenue in the government-wide financial statements the year ended June 30, 2023 which are presented on the economic resources measurement focus and accrual basis of accounting.

##### Pension Expense

For the year ended June 30, 2023, the City recognized \$1,450,322 in pension expense. This amount consisted of \$858,216 and \$592,106, respectively, for the SCRS and PORS plans.



## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Deferred Inflows of Resources and Deferred Outflows of Resources

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

	SCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,032	\$ 28,106
Changes of assumptions	206,842	-
Net difference between projected and actual earnings on pension plan investments	9,946	-
Changes in proportionate differences between City contributions and proportionate share of contributions	649,099	-
City contributions subsequent to the measurement date	663,945	-
Total	<u>\$ 1,585,864</u>	<u>\$ 28,106</u>

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,860	\$ 91,738
Changes of assumptions	193,243	-
Net difference between projected and actual earnings on pension plan investments	14,014	-
Changes in proportionate differences between City contributions and proportionate share of contributions	272,557	673
City contributions subsequent to the measurement date	583,711	-
Total	<u>\$ 1,141,385</u>	<u>\$ 92,411</u>

The \$663,945 and \$583,711 reported as of June 30, 2023, as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Deferred Inflows of Resources and Deferred Outflows of Resources (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

SCRS		
Year ended June 30:		
2024	\$	454,157
2025		318,972
2026		(47,507)
2027		168,191
	\$	<u>893,813</u>

PORS		
Year ended June 30:		
2024	\$	243,572
2025		167,259
2026		(125,947)
2027		180,379
	\$	<u>465,263</u>

#### Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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, 2023, total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2020. The TPL 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. In fiscal year 2022, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021, to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of the plan's fiscal year end, June 30, 2022:

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
	3.0% to 11.0%	3.5% to 10.5%
Projected salary increases	(varied by service)	(varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
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%

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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%

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Actuarial Assumptions and Methods (Continued)

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

##### Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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 7.00 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100.0%		
Total expected real return			4.79%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.04%

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 10. PENSION PLANS (CONTINUED)

#### Retirement Plan (Continued)

##### Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina 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 City calculated using the discount rate of 7.00 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate						
	1% Decrease		Current Discount Rate		1% Increase	
		(6%)		(7%)		(8%)
SCRS	\$	8,268,715	\$	6,449,235	\$	4,936,574
PORS	\$	6,471,084	\$	4,640,634	\$	3,142,238

##### Additional Financial and Actuarial Information

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 11. OTHER INFORMATION

#### **Commitments and Contingent Liabilities**

The City participates in a number of federal and state assisted grant programs that are governed by various rules and regulations of grantor agencies. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The City believes it has substantially complied with the contract/grant provisions. Based on prior experience, the City's management believes such disallowances, if any, would not be significant; therefore, no provision has been recorded in the accompanying government-wide and fund financial statements for such contingencies.

The City is routinely the subject of litigation by a variety of plaintiffs. City management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

In the normal course of business, the City has contracts for construction and other activities for which it is committed to complete and pay. As of June 30, 2023, the City had open contracts of approximately \$5,879,000, of which approximately \$5,332,000 remains to be paid upon further progress by the contractors.

#### **Risk Management**

The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (SCMIT), a public entity risk pool operating as a common risk management and insurance program for workers' compensation. The City pays an annual premium to SCMIT. For the year ended June 30, 2023, the City made premium payments totaling approximately \$209,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

#### **Natural Gas Agreements**

The City enters into contracts with its suppliers of natural gas for the purchase of specified volumes of gas at defined prices, time periods, and locations. These agreements are entered into to manage the volatility of natural gas prices and to stabilize the cost to the City's residential, commercial, and industrial customers. In addition, the City enters into agreements with certain of its industrial customers to lock in the future sale of specified volumes of gas at defined prices.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 11. OTHER INFORMATION (CONTINUED)

#### **Fountain Inn Fire Service Area Agreement**

In January 2008, but effective October 2007, the City entered into an agreement with Greenville County whereby the County will provide fire protection services to the unincorporated area of Greenville County known as the Fountain Inn Fire Service Area. The County will pay the City operating fees based on millage (presently 35.6 mills). This agreement expired in June 2011 but is automatically renewed each year thereafter for one-year terms; however, each party may terminate the agreement subject to a 90-day written notice to the other party prior to the annual June 30 expiration date.

Greenville County issued a \$1,865,000 general obligation bond in 2007, with the proceeds to be used for the renovations, expansion, and equipping of the main fire station of the City, the acquisition of land and the construction and equipping of a fire substation within the Fountain Inn Fire Service Area, the acquisition of a ladder fire truck, a pumper fire truck and other fire-related equipment, and providing funds for the acquisition of additional fire equipment, among other uses. In accordance with the terms of the agreement and the bond documents, the City has no obligation for the repayment of this indebtedness.

Greenville County issued a \$635,000 general obligation bond in 2010, with the proceeds to be used for the acquisition of one pumper fire truck and other fire-related equipment, one rescue truck, jaws of life and miscellaneous replacement fire-related equipment. In accordance with the terms of the agreement and the bond documents, the City has no obligation for the repayment of this indebtedness.

#### **Other Postemployment Benefits (OPEB)**

The City's postemployment healthcare plan is an agent plan. The plan is as follows:

**Eligibility** - The City provides certain health care benefits for retired employees. Employees retiring from the City with a minimum of twenty (20) years of service, and who have a total of ten (10) years of medical coverage under the City's group health insurance program, are eligible to participate in the Retiree Insurance Plan. The retirees pay the full premium for the coverage while the City pays the implicit subsidy for retirees under age 65. Coverage stops when the retiree reaches age sixty-five (65) or becomes Medicare eligible, whichever comes first. The City retains the right to terminate or modify these benefits at any time subject to applicable law.

**Amount of allowance** - Employees will be allowed to remain on the City's group health and dental plans until the retiree reaches Medicare eligibility (generally age 65). The retiree must pay the full premium for this coverage, approximately \$500, as of July 1, 2017.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE 11. OTHER INFORMATION (CONTINUED)

#### Other Postemployment Benefits (OPEB) (Continued)

**Other Postemployment Benefits** - Health care and dental insurance are offered in the City's Other Postemployment Benefits Plan until the retiree becomes eligible for Medicare. Vision benefits are included in the medical plan.

**Spousal Coverage** - The plan does not provide benefits to spouses or dependents.

**Funding Policy** - The City contributes to the plan based on the employer contribution rates established on a pay-as-you-go basis.

#### Net OPEB Liability

The City reported a net OPEB liability of \$1,386,148 as of June 30, 2023, as determined by an actuarial valuation performed as of December 31, 2022.

**Actuarial Assumptions and Other Inputs.** The net OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>Percent</u>
Inflation	2.25
Salary increases	3.0 - 10.5
Discount rate	3.72

The discount rate was based upon the single equivalent interest rate, net of OPEB plan investment expense, including price inflation.

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

The remaining actuarial assumptions used in the December 31, 2022 valuation were based on a review of recent plan experience done concurrently with the December 31, 2022 valuation.



## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 11. OTHER INFORMATION (CONTINUED)

#### Net OPEB Liability (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Fixed income:		
U.S. Government Agency	58.00%	4.00%
U.S. Government MBS, CMO, CMBS	40.00%	5.60%
Cash and cash equivalents	2.00%	3.90%
Total	100.00%	

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.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 11. OTHER INFORMATION (CONTINUED)

#### Net OPEB Liability (Continued)

##### *Changes in the Net OPEB Liability.*

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
<b>Beginning Balance</b>	\$ 1,638,837	\$ 43,508	\$ 1,595,329
<b>Changes for the year:</b>			
Service cost	110,339	-	110,339
Interest	33,684	-	33,684
Differences between expected and actual experience	2,044	-	2,044
Changes in assumptions or other inputs	(356,416)	-	(356,416)
Employer contributions		10,923	(10,923)
Net investment income	-	(6,737)	6,737
Benefit payments	(7,423)	(7,423)	-
Plan administrative costs	-	(5,354)	5,354
<b>Net changes</b>	(217,772)	(8,591)	(209,181)
<b>Ending Balance</b>	\$ 1,421,065	\$ 34,917	\$ 1,386,148

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.*** The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72 percent) or 1-percentage-point higher (4.72 percent) than the current discount rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Net OPEB liability (asset)	\$ 1,591,237	\$ 1,386,148	\$ 1,207,829

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 11. OTHER INFORMATION (CONTINUED)

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.*** The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>			
		<b>Current Healthcare Cost Trend Rates</b>	
	<b>1% Decrease</b>		<b>1% Increase</b>
Net OPEB liability (asset)	\$ 1,141,072	\$ 1,386,148	\$ 1,693,008

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$118,453. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,807	\$ 8,731
Changes in assumptions or other inputs	70,673	315,020
Net difference between projected and actual earnings on plan investments	9,396	-
Total	<u>\$ 81,876</u>	<u>\$ 323,751</u>

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

**Year ended June 30:**

2024	\$ (29,087)
2025	(29,136)
2026	(29,137)
2027	(30,028)
2028	(32,055)
Thereafter	(92,432)
<b>Total</b>	<u><u>\$ (241,875)</u></u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 12. FAIR VALUE MEASUREMENTS

To the extent available, the City's investments are recorded at fair value as of June 30, 2023. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained

from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

The City's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1: Investments reflect prices quoted in active markets.
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3: Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Assets classified as Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The following table summarizes the City's investments within the fair value hierarchy at June 30, 2023:

Investment Type	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
United States Agencies	\$ -	\$ 2,127,605	\$ -	\$ 2,127,605
United States Treasuries	454,004	-	-	454,004
	<u>\$ 454,004</u>	<u>\$ 2,127,605</u>	<u>\$ -</u>	<u>\$ 2,581,609</u>
		Money market mutual funds	\$ 61,638	
		South Carolina Local Government	2,380,300	
		Total Investments	<u>\$ 5,023,547</u>	

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 13. NET POSITION / FUND BALANCES

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The components of net position as of June 30, 2023, were as follows:

	<u>Governmental</u>	<u>Business-type</u>
Net investment in capital assets		
Net capital assets	\$ 16,662,693	\$ 22,734,616
Less: bond and financed purchases, net	(8,689,382)	(9,094,571)
Add: deferred charge on refunding	-	14,455
Add: unspent bond proceeds	1,739,639	-
	<u>9,712,950</u>	<u>13,654,500</u>
 Restricted for debt service, capital activity, and other	 <u>1,485,751</u>	 <u>432,737</u>
 Unrestricted (deficit)	 <u>(3,468,017)</u>	 <u>4,376,751</u>
 Total net position	 <u>\$ 7,730,684</u>	 <u>\$ 18,463,988</u>

### NOTE 14. TAX ABATEMENTS

The City is located within Greenville and Laurens Counties and both Counties collect property taxes on behalf of the City. The Counties provide tax abatements under the following program.

1. The Fee-in-Lieu of Tax Program (FILOT) offers individual incentive packages by abating property taxes to attract new business to the Counties and to retain current businesses. The FILOT program was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12. Generally, for taxpayers to be approved for this program they must agree to invest the statutory minimum (A higher amount may be negotiated) during the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer may receive a reduction of assessed rate, reduction in millage rate and elimination of (or reduction in) the number of times the millage rates change for the property over the length of the agreement. Repayments of any savings in property taxes are required by state law if the taxpayer fails to maintain the conditions set forth in the agreement. Other recapture provisions may be negotiated on a case-by-case basis.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### NOTE 14. TAX ABATEMENTS (CONTINUED)

Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2023, is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Fee-in-Lieu of Taxes Program (FILOT)	\$ 50,949

### NOTE 15. RESTATEMENTS

#### Errors in Prior Year Reporting

The City determined certain restatements to the July 1, 2022 beginning net position for governmental activities and beginning fund balance of the American Recovery Plan Act Fund were required in accordance with GASB Statement No. 33.

	<u>American Recovery Plan Act Fund</u>
Fund balance, as previously reported	\$ 1,169,524
Restatement for the correction of an error in prior year reporting	(980,488)
Fund balance, as restated	<u>\$ 189,036</u>
	<u>Governmental Activities</u>
Net position, as previously reported	\$ 7,313,812
Recognition of the beginning net position for the correction of an error in prior year reporting	(980,488)
Net position, as restated	<u>\$ 6,333,324</u>

#### Restatement – Proper Recognition of Revenues

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states that recipients of “reimbursement-type” and “expenditure-driven” grant programs cannot qualify for resources without first incurring allowable costs under the provider’s program which effects the timing of recognition of revenues. Cash provided in advance should be reported as unearned revenues by the recipient until allowable costs have been incurred. The City recognized revenues in the prior year for funds received for the Coronavirus State and Local Fiscal Recovery Funds, an “expenditure-driven grant,” in which allowable costs had not been incurred. These funds should have been recorded as unearned revenue. Therefore, in order to be in compliance with of GASB Statement No. 33, the restatements described above were required to the beginning net position of the Governmental Activities and the beginning fund balance of the American Recovery Plan Act Fund to properly recognize the revenue as of July 1, 2022.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF FOUNTAIN INN, 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			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Property taxes	\$ 3,713,007	\$ 3,713,007	\$ 3,792,676	\$ 79,669
Licenses and permits	3,143,197	3,143,197	3,645,339	502,142
Franchise fees	794,823	794,823	776,669	(18,154)
Intergovernmental:				
State	335,440	335,440	599,460	264,020
Grants	36,377	3,536,377	14,063	(3,522,314)
Charges for services	912,594	912,594	1,142,528	229,934
Fire service area	1,338,079	1,338,079	1,167,448	(170,631)
Special events and community development	136,150	136,150	110,717	(25,433)
Fines and forfeitures	45,348	45,348	38,089	(7,259)
Investment income	5,070	5,070	73,622	68,552
Contributions and donations	5,000	5,000	4,883	(117)
Miscellaneous	2,000	2,000	36,751	34,751
Total revenues	<u>10,467,085</u>	<u>13,967,085</u>	<u>11,402,245</u>	<u>(2,564,840)</u>
<b>Expenditures:</b>				
Current:				
General government:				
City:				
Salaries and related	-	-	-	-
Operating	550,846	550,846	305,120	245,726
Total city	<u>550,846</u>	<u>550,846</u>	<u>305,120</u>	<u>245,726</u>
Administration:				
Salaries and related	328,010	328,010	413,212	(85,202)
Operating	128,010	128,010	137,153	(9,143)
Total administration	<u>456,020</u>	<u>456,020</u>	<u>550,365</u>	<u>(94,345)</u>
Mayor and city council:				
Salaries and related	81,245	81,245	84,743	(3,498)
Operating	16,600	16,600	20,686	(4,086)
Total mayor and city council	<u>97,845</u>	<u>97,845</u>	<u>105,429</u>	<u>(7,584)</u>
Planning and development:				
Salaries and related	208,383	208,383	158,710	49,673
Operating	182,392	243,103	313,003	(69,900)
Total planning and development	<u>390,775</u>	<u>451,486</u>	<u>471,713</u>	<u>(20,227)</u>
Human resources:				
Salaries and related	144,681	144,681	165,115	(20,434)
Operating	28,337	28,337	23,580	4,757
Total human resources	<u>173,018</u>	<u>173,018</u>	<u>188,695</u>	<u>(15,677)</u>
Judicial:				
Salaries and related	188,464	188,464	185,439	3,025
Operating	92,258	92,258	95,326	(3,068)
Total judicial	<u>280,722</u>	<u>280,722</u>	<u>280,765</u>	<u>(43)</u>
Total general government	<u>1,949,226</u>	<u>2,009,937</u>	<u>1,902,087</u>	<u>107,850</u>



# CITY OF FOUNTAIN INN, 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		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Public safety:				
Police:				
Salaries and related	\$ 2,719,352	\$ 2,933,581	\$ 2,647,011	\$ 286,570
Operating	581,043	615,343	638,359	(23,016)
Total police	3,300,395	3,548,924	3,285,370	263,554
Fire:				
Salaries and related	2,090,675	2,090,675	2,252,068	(161,393)
Operating	279,596	279,596	488,733	(209,137)
Total fire	2,370,271	2,370,271	2,740,801	(370,530)
Total public safety	5,670,666	5,919,195	6,026,171	(106,976)
Public works:				
Public works - general:				
Salaries and related	472,968	472,968	232,890	240,078
Operating	218,100	218,100	130,560	87,540
Total public works - general	691,068	691,068	363,450	327,618
Streets:				
Salaries and related	163,219	163,219	290,214	(126,995)
Operating	110,000	110,000	174,747	(64,747)
Total streets	273,219	273,219	464,961	(191,742)
Sanitation:				
Salaries and related	365,004	365,004	531,555	(166,551)
Operating	313,200	313,200	468,471	(155,271)
Total sanitation	678,204	678,204	1,000,026	(321,822)
Total public works	1,642,491	1,642,491	1,828,437	(185,946)
Recreation:				
Salaries and related	627,952	627,952	542,382	85,570
Operating	365,941	365,941	307,271	58,670
Total recreation	993,893	993,893	849,653	144,240
Community development:				
Special events/community development:				
Salaries and related	187,209	187,209	209,688	(22,479)
Operating	348,665	348,665	335,683	12,982
Total special events/ community development	535,874	535,874	545,371	(9,497)
Commerce park:				
Salaries and related	122,276	122,276	114,817	7,459
Operating	55,350	55,350	50,643	4,707
Total commerce park	177,626	177,626	165,460	12,166
Total community development	713,500	713,500	710,831	2,669

# CITY OF FOUNTAIN INN, 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		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Capital outlay	\$ 166,594	\$ 207,520	\$ 869,775	\$ (662,255)
Debt service:				
Principal retirement	1,099,760	1,099,760	1,137,183	(37,423)
Interest	231,231	231,231	250,140	(18,909)
Issuance costs	18,000	18,000	15,200	2,800
Total debt service	1,348,991	1,348,991	1,402,523	(53,532)
Total expenditures	12,485,361	12,835,527	13,589,477	(753,950)
Excess (deficiency) of revenues over (under) expenditures	(2,018,276)	1,131,558	(2,187,232)	(3,318,790)
<b>Other financing sources (uses):</b>				
Issuance of debt	490,772	490,772	482,000	(8,772)
Transfers in	1,587,511	1,862,460	1,847,184	(15,276)
Transfers out	-	(3,500,000)	(258,616)	3,241,384
Sale of capital assets	-	-	329,502	329,502
Total other financing sources (uses)	2,078,283	(1,146,768)	2,400,070	3,546,838
Net change in fund balances	60,007	(15,210)	212,838	228,048
<b>Fund balances, beginning of year</b>	5,379,565	5,379,565	5,379,565	-
<b>Fund balances, end of year</b>	\$ 5,439,572	\$ 5,364,355	\$ 5,592,403	\$ 228,048

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## HOSPITALITY TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Other taxes	\$ 670,354	\$ 671,076	\$ 722
Investment income	3,410	5,080	1,670
Total revenues	<u>673,764</u>	<u>676,156</u>	<u>2,392</u>
<b>Expenditures:</b>			
Current:			
Community development	44,979	8,849	36,130
Capital outlay	280,000	22,471	257,529
Debt service:			
Principal retirement	112,122	112,122	-
Interest	21,663	21,664	(1)
Total expenditures	<u>458,764</u>	<u>165,106</u>	<u>293,658</u>
Excess of revenues over expenditures	<u>215,000</u>	<u>511,050</u>	<u>296,050</u>
<b>Other financing uses</b>			
Transfers out	(215,000)	(218,436)	(3,436)
Total other financing uses	<u>(215,000)</u>	<u>(218,436)</u>	<u>(3,436)</u>
Net change in fund balances	-	292,614	292,614
<b>Fund balance, beginning of year</b>	<u>1,052,670</u>	<u>1,052,670</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,052,670</u></u>	<u><u>\$ 1,345,284</u></u>	<u><u>\$ 292,614</u></u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE FISCAL YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 110,339	\$ 5,075	\$ 4,358	\$ 2,825	\$ 2,415	\$ 2,340
Interest on total OPEB liability	33,684	1,857	1,956	2,382	2,486	2,406
Changes of benefit terms	-	1,486,115	-	-	-	-
Difference between expected and actual experience	2,044	(5,511)	-	(7,304)	(5,511)	-
Changes of assumptions and other inputs	(356,416)	76,817	5,054	10,817	3,371	-
Benefit payments	(7,423)	(800)	(400)	(3,300)	(3,400)	(5,248)
<b>Net change in total OPEB liability</b>	<b>(217,772)</b>	<b>1,563,553</b>	<b>10,968</b>	<b>5,420</b>	<b>(639)</b>	<b>(502)</b>
<b>Total OPEB liability - beginning</b>	<b>1,638,837</b>	<b>75,284</b>	<b>64,316</b>	<b>58,896</b>	<b>59,535</b>	<b>60,037</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,421,065</b>	<b>\$ 1,638,837</b>	<b>\$ 75,284</b>	<b>\$ 64,316</b>	<b>\$ 58,896</b>	<b>\$ 59,535</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 10,923	\$ 800	\$ 400	\$ 3,300	\$ 3,400	\$ 5,248
Net investment income	(6,737)	(1,599)	2,325	1,982	1,331	1,366
Benefit payments	(7,423)	(800)	(400)	(3,300)	(3,400)	(5,248)
Administrative expenses	(5,354)	(6,211)	-	-	(3,839)	(1,241)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(8,591)</b>	<b>(7,810)</b>	<b>2,325</b>	<b>1,982</b>	<b>(2,508)</b>	<b>125</b>
<b>Plan fiduciary net position - beginning</b>	<b>43,508</b>	<b>51,318</b>	<b>48,993</b>	<b>47,011</b>	<b>49,519</b>	<b>49,394</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 34,917</b>	<b>\$ 43,508</b>	<b>\$ 51,318</b>	<b>\$ 48,993</b>	<b>\$ 47,011</b>	<b>\$ 49,519</b>
<b>City's net OPEB liability - ending (a) - (b)</b>	<b>\$ 1,386,148</b>	<b>\$ 1,595,329</b>	<b>\$ 23,966</b>	<b>\$ 15,323</b>	<b>\$ 11,885</b>	<b>\$ 10,016</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>2.46%</b>	<b>2.65%</b>	<b>68.17%</b>	<b>76.18%</b>	<b>79.82%</b>	<b>83.18%</b>
<b>Covered payroll</b>	<b>\$ 4,813,798</b>	<b>\$ 4,813,798</b>	<b>\$ 3,826,144</b>	<b>\$ 3,826,144</b>	<b>\$ 3,763,638</b>	<b>\$ 3,763,638</b>
<b>Net OPEB liability as a percentage covered payroll</b>	<b>28.80%</b>	<b>33.14%</b>	<b>0.63%</b>	<b>0.40%</b>	<b>0.32%</b>	<b>0.27%</b>

### Notes to the schedule:

The assumptions used in the preparation of the above schedule are disclosed in Note 11 to the financial statements.

The schedule will present 10 years of information once it is accumulated.

The discount rate changed from 2.06% at the December 31, 2021 measurement date to 3.72% at the December 31, 2022 measurement date.

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 115,246	\$ 58,982	\$ 4,603	\$ 4,316	\$ 3,400	\$ 5,248
Contributions in relation to the actuarially determined contribution	10,923	800	400	3,300	3,400	5,248
Contribution deficiency (excess)	\$ 104,323	\$ 58,182	\$ 4,203	\$ 1,016	\$ -	\$ -
Covered payroll	\$ 4,813,798	\$ 4,813,798	\$ 3,826,144	\$ 3,826,144	\$ 3,763,638	\$ 3,763,638
Contributions as a percentage of covered payroll	0.23%	0.02%	0.01%	0.09%	0.09%	0.14%

### Notes to the schedule:

#### (1) Actuarial Assumptions

Valuation Date	December 31, 2020
Measurement Date	December 31, 2022
Employer's Reporting Date	June 30, 2023
Cost Method	Entry Age Normal
Assumed Rate of Return on Investments	4.75%, net of investment expenses, including inflation
Projected Salary Increases	3.00% to 10.50%, including 2.25% for inflation
Cost-of-living Adjustment	None
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2021, decreasing to an ultimate rate of 4.50% by 2031

(2) The schedule will present 10 years of information once it is accumulated.

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE PLAN YEAR ENDED JUNE 30,

### South Carolina Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.026603%	\$ 6,449,235	\$ 3,160,349	167.0%	57.1%
2021	0.024390%	5,277,346	2,747,202	192.1%	60.7%
2020	0.022620%	5,778,734	2,523,098	229.0%	50.7%
2019	0.021380%	4,882,512	2,257,933	216.2%	54.4%
2018	0.021310%	4,774,228	2,208,000	216.2%	54.1%
2017	0.020990%	4,724,961	2,117,714	223.1%	53.3%
2016	0.021790%	4,654,525	2,110,137	220.6%	52.9%
2015	0.021610%	4,097,872	2,025,908	202.3%	57.0%
2014	0.021090%	3,630,482	1,914,423	189.6%	59.9%

### South Carolina Police Officers Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.154740%	\$ 4,640,634	\$ 2,449,955	189.4%	66.4%
2021	0.150120%	3,862,562	2,236,460	172.7%	70.4%
2020	0.142520%	4,726,243	2,152,949	219.5%	58.8%
2019	0.134300%	3,848,950	1,947,958	197.6%	62.7%
2018	0.134810%	3,819,886	1,865,968	204.8%	61.7%
2017	0.133100%	3,646,355	1,792,389	203.4%	60.9%
2016	0.123110%	3,356,035	1,686,785	199.0%	60.4%
2015	0.130900%	2,852,983	1,621,683	175.9%	64.6%
2014	0.135860%	2,600,845	1,633,994	159.2%	67.5%

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30,

<b>South Carolina Retirement System</b>						
Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll	
2023	\$ 663,945	\$ 663,945	\$ -	\$ 3,781,006	17.56%	
2022	523,354	523,354	-	3,160,349	16.56%	
2021	427,465	427,465	-	2,747,202	15.56%	
2020	392,594	392,594	-	2,523,098	15.56%	
2019	328,755	328,755	-	2,257,933	14.56%	
2018	299,405	299,405	-	2,208,000	13.56%	
2017	244,807	244,807	-	2,117,714	11.56%	
2016	233,381	233,381	-	2,110,137	11.06%	
2015	220,824	220,824	-	2,025,908	10.90%	

<b>South Carolina Police Officers Retirement System</b>						
Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll	
2023	\$ 583,711	\$ 583,711	\$ -	\$ 2,883,947	20.24%	
2022	471,369	471,369	-	2,449,955	19.24%	
2021	407,928	407,928	-	2,236,460	18.24%	
2020	392,698	392,698	-	2,152,949	18.24%	
2019	335,828	335,828	-	1,947,958	17.24%	
2018	303,035	303,035	-	1,865,968	16.24%	
2017	255,237	255,237	-	1,792,389	14.24%	
2016	231,764	231,764	-	1,686,785	13.74%	
2015	217,468	217,468	-	1,621,683	13.41%	

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS**

**FOR THE FISCAL YEARS ENDED JUNE 30,**

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**Notes to the schedule:**

Actuarial assumptions used in determining the statutorily required contribution are as follows:

System	SCRS	PORS
Calculation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	27 years maximum, closed period	27 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and females rates are multiplied by 111%.



## **OTHER SUPPLEMENTARY INFORMATION**

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Victims Fund	EUDL Police Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 123,944	\$ 16,855	\$ 140,799
Total assets	<u>\$ 123,944</u>	<u>\$ 16,855</u>	<u>\$ 140,799</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	\$ 307	\$ 25	\$ 332
Total liabilities	<u>307</u>	<u>25</u>	<u>332</u>
<b>FUND BALANCES</b>			
Restricted:			
Public safety	<u>123,637</u>	<u>16,830</u>	<u>140,467</u>
Total fund balances	<u>123,637</u>	<u>16,830</u>	<u>140,467</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 123,944</u>	<u>\$ 16,855</u>	<u>\$ 140,799</u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Victims Fund	EUDL Police Fund	
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 4,500	\$ 4,500
Fines and forfeitures	7,803	-	7,803
Investment income	149	-	149
Total revenues	7,952	4,500	12,452
<b>Expenditures:</b>			
Current:			
Public safety	33,443	298	33,741
Total expenditures	33,443	298	33,741
Net change in fund balances	(25,491)	4,202	(21,289)
<b>Fund balances, beginning of year</b>	149,128	12,628	161,756
<b>Fund balances, end of year</b>	<u>\$ 123,637</u>	<u>\$ 16,830</u>	<u>\$ 140,467</u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## NATURAL GAS FUND SCHEDULE OF OPERATING REVENUES AND EXPENSES BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance with Budget
<b>OPERATING REVENUES</b>			
Natural gas sales	\$ 11,876,490	\$ 11,645,680	\$ (230,810)
Other charges for services	1,391,656	1,865,985	474,329
Total operating revenues	<u>13,268,146</u>	<u>13,511,665</u>	<u>243,519</u>
<b>OPERATING EXPENSES</b>			
Natural gas purchases	6,557,188	8,403,016	(1,845,828)
Personnel services	2,173,779	2,157,896	15,883
Contractual services	109,000	434,105	(325,105)
Materials and supplies	369,000	238,493	130,507
Other operating expenses	1,071,000	1,162,665	(91,665)
Depreciation expense	520,737	537,348	(16,611)
Total operating expenses	<u>10,800,704</u>	<u>12,933,523</u>	<u>(2,132,819)</u>
Operating income	<u>2,467,442</u>	<u>578,142</u>	<u>(1,889,300)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	30,000	28,547	(1,453)
Gain on disposal of assets	-	4,619	4,619
Interest expense	(144,971)	(163,503)	(18,532)
Total nonoperating expenses, net	<u>(114,971)</u>	<u>(130,337)</u>	<u>(15,366)</u>
Income before capital contributions and transfers	<u>2,352,471</u>	<u>447,805</u>	<u>(1,904,666)</u>
<b>CAPITAL CONTRIBUTIONS EXPENSE</b>	<u>-</u>	<u>(3,202,013)</u>	<u>(3,202,013)</u>
<b>TRANSFERS</b>			
Transfers in	-	2,675,560	2,675,560
Transfers out	(1,022,511)	(1,022,511)	-
Total transfers	<u>(1,022,511)</u>	<u>1,653,049</u>	<u>2,675,560</u>
Change in net position	1,329,960	(1,101,159)	(2,431,119)
<b>Total net position, beginning of year</b>	<u>13,050,328</u>	<u>13,050,328</u>	<u>-</u>
<b>Total net position, end of year</b>	<u>\$ 14,380,288</u>	<u>\$ 11,949,169</u>	<u>\$ (2,431,119)</u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## SEWER FUND SCHEDULE OF OPERATING REVENUES AND EXPENSES BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance with Budget
<b>OPERATING REVENUES</b>			
Sewer fees	\$ 1,479,442	\$ 1,563,355	\$ 83,913
Total operating revenues	<u>1,479,442</u>	<u>1,563,355</u>	<u>83,913</u>
<b>OPERATING EXPENSES</b>			
Personnel services	685,361	551,825	133,536
Other operating expenses	478,232	275,135	203,097
Depreciation expense	220,000	274,002	(54,002)
Total operating expenses	<u>1,383,593</u>	<u>1,100,962</u>	<u>282,631</u>
Operating income	<u>95,849</u>	<u>462,393</u>	<u>366,544</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Investment income	1,000	20,235	19,235
Interest expense	(96,849)	(81,586)	15,263
Gain on disposal of assets	-	38,576	38,576
Total nonoperating expenses, net	<u>(95,849)</u>	<u>(22,775)</u>	<u>73,074</u>
Income before capital contributions and transfers	<u>-</u>	<u>439,618</u>	<u>439,618</u>
<b>CAPITAL CONTRIBUTIONS EXPENSE</b>	<u>-</u>	<u>(640,403)</u>	<u>(640,403)</u>
<b>TRANSFERS</b>			
Transfers in	-	785,049	785,049
Transfers out	(1,022,511)	-	1,022,511
Total transfers	<u>(1,022,511)</u>	<u>785,049</u>	<u>1,807,560</u>
Change in net position	(1,022,511)	584,264	1,606,775
<b>Total net position, beginning of year</b>	<u>5,930,555</u>	<u>5,930,555</u>	<u>-</u>
<b>Total net position, end of year</b>	<u>\$ 4,908,044</u>	<u>\$ 6,514,819</u>	<u>\$ 1,606,775</u>

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**JUNE 30, 2023**

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<b>ASSETS</b>	<b>Law Enforcement Forfeiture Fund</b>	<b>Law Enforcement Seized Fund</b>	<b>Fireman's Fund</b>	<b>Total Custodial Funds</b>
Cash	\$ 40,651	\$ 36,321	\$ 75,492	\$ 152,464
Total assets	<u>40,651</u>	<u>36,321</u>	<u>75,492</u>	<u>152,464</u>
 <b>LIABILITIES</b>				
Other liabilities	<u>2,081</u>	<u>-</u>	<u>-</u>	<u>2,081</u>
Total liabilities	<u>2,081</u>	<u>-</u>	<u>-</u>	<u>2,081</u>
 <b>FIDUCIARY NET POSITION</b>				
Restricted for others	<u>38,570</u>	<u>36,321</u>	<u>75,492</u>	<u>150,383</u>
Total fiduciary net position	<u><u>\$ 38,570</u></u>	<u><u>\$ 36,321</u></u>	<u><u>\$ 75,492</u></u>	<u><u>\$ 150,383</u></u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Law Enforcement Forfeiture Fund	Law Enforcement Seized Fund	Fireman's Fund	Total Custodial Funds
<b>ADDITIONS</b>				
Insurance premium taxes	\$ -	\$ -	\$ 137,416	\$ 137,416
Forfeitures	40,796	36,293	-	77,089
Interest	-	28	-	28
Total additions	40,796	36,321	137,416	214,533
<b>DEDUCTIONS</b>				
Fire department activities	-	-	61,924	61,924
Law enforcement activities	2,226	-	-	2,226
Total deductions	2,226	-	61,924	64,150
Change in fiduciary net position	38,570	36,321	75,492	150,383
Fiduciary net position, beginning of year	-	-	-	-
<b>Fiduciary net position, end of year</b>	<b>\$ 38,570</b>	<b>\$ 36,321</b>	<b>\$ 75,492</b>	<b>\$ 150,383</b>

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected	N/A	N/A	\$ 115,280	\$ 115,280
Court fines and assessments remitted to State Treasurer	N/A	N/A	(67,179)	(67,179)
<b>Total Court Fines and Assessments retained</b>	<u>N/A</u>	<u>N/A</u>	\$ 48,101	\$ 48,101
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	N/A	N/A	\$ 1,934	\$ 1,934
Assessments retained	N/A	N/A	5,870	5,870
<b>Total Surcharges and Assessments retained for victim services</b>	<u>N/A</u>	<u>N/A</u>	\$ 7,803	\$ 7,803

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from Previous Year – Beginning Balance</b>	\$ 149,128	N/A	\$ 149,128
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	5,870	N/A	5,870
Victim Service Surcharges Retained by City/County Treasurer	1,934	N/A	1,934
Interest Earned	149	N/A	149
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	\$ 157,080	N/A	\$ 157,080



**CITY OF FOUNTAIN INN, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits	\$ 25,908	N/A	\$ 25,908
Operating Expenditures	7,534	N/A	7,534
<b>Victim Service Contract(s):</b>			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter: <u>Cumbee Center to Assist Abused Persons</u>	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency: <u>Child Advocacy Center</u>	-	N/A	-
Transferred to General Fund	-	N/A	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>33,443</b>	<b>N/A</b>	<b>33,443</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	123,637	N/A	123,637
<b>Less: Prior Year Fund Deficit Repayment</b>	-	N/A	-
<b>Carryforward Funds – End of Year</b>	<b>\$ 123,637</b>	<b>N/A</b>	<b>\$ 123,637</b>

## **OTHER INFORMATION**

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**SCHEDULE OF REVENUES AND DIRECT EXPENDITURES**

**GENERAL FUND FIRE DEPARTMENT OPERATIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Actual</b>
<b>Revenues</b>	
Fees - Greenville County	\$ 1,159,263
Intergovernmental - grants	12,000
Miscellaneous	10,761
Total revenues	<u>1,182,024</u>
<b>Direct Expenditures</b>	
Salaries	1,489,681
Overtime	33,834
Christmas bonus	6,633
Employee insurance	255,052
Health screenings	8,498
FICA	114,367
Retirement	280,454
Workers compensation	63,549
Portable radio maintenance	5,099
Operating equipment	35,903
Fire station maintenance	44,582
Landscaping	5,069
Computer support	17,195
Vehicle maintenance	80,572
Property, vehicle, and tort insurance	48,776
Telephone	13,112
Conferences	12,978
General supplies	13,564
Prevention supplies	1,293
K-9	705
Utilities	15,652
Vehicle gas	36,478
Publications	3,173
Uniforms	27,365
Safety equipment	105,645
Innovapad grant expenditures	17,558
Miscellaneous	<u>4,014</u>
Total direct expenditures	<u>2,740,801</u>
Excess of direct expenditures over revenues, current year	(1,558,777)
Cumulative excess of direct expenditures over revenues, prior years	<u>(5,023,253)</u>
Cumulative excess of direct expenditures over revenues, end of year	<u><u>\$ (6,582,030)</u></u>

## **STATISTICAL SECTION (UNAUDITED)**

## **Statistical Section (Unaudited)**

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant revenue source.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 6,526,470	\$ 7,446,021	\$ 7,609,102	\$ 7,356,313	\$ 7,163,868	\$ 7,955,481	\$ 8,178,792	\$ 8,163,874	\$ 8,305,643	\$ 9,712,950
Restricted	1,065,120	1,218,781	1,072,318	1,242,710	1,277,228	869,125	812,551	950,500	7,940,407	1,485,751
Unrestricted (deficit)	584,144	(4,453,951)	(4,034,647)	(3,222,014)	(2,131,312)	(1,971,076)	(2,153,626)	(2,095,743)	(8,932,238)	(3,468,017)
Total governmental activities net position	<u>8,175,734</u>	<u>4,210,851</u>	<u>4,646,773</u>	<u>5,377,009</u>	<u>6,309,784</u>	<u>6,853,530</u>	<u>6,837,717</u>	<u>7,018,631</u>	<u>7,313,812</u>	<u>7,730,684</u>
Business-type activities										
Gas										
Net investment in capital assets	4,089,266	4,074,940	5,595,384	4,174,324	4,802,494	5,074,657	5,889,014	6,498,739	7,824,117	9,491,617
Restricted for debt service	185,807	125,491	248,773	253,934	258,077	261,956	265,261	268,279	276,238	286,070
Unrestricted	4,423,983	3,842,812	2,373,937	3,381,011	3,195,295	3,899,883	3,979,566	5,020,330	4,949,973	2,171,482
Sewer										
Net investment in capital assets	1,386,209	1,219,491	1,405,183	1,815,018	2,219,802	2,424,233	2,572,450	3,000,035	3,858,395	4,162,883
Restricted for debt service	90,213	157,613	161,715	166,436	135,571	139,105	139,710	138,169	138,231	146,667
Unrestricted	1,232,672	1,365,958	1,439,236	1,202,259	1,327,068	1,556,255	1,823,413	1,959,877	1,933,929	2,205,269
Total business-type activities net position	<u>11,408,150</u>	<u>10,786,305</u>	<u>11,224,228</u>	<u>10,992,982</u>	<u>11,938,307</u>	<u>13,356,089</u>	<u>14,669,414</u>	<u>16,885,429</u>	<u>18,980,883</u>	<u>18,463,988</u>
Primary government										
Net investment in capital assets	12,001,945	12,740,452	14,609,669	13,345,655	14,186,164	15,454,371	16,640,256	17,662,648	19,988,155	23,367,450
Restricted	1,341,140	1,501,885	1,482,806	1,663,080	1,670,876	1,270,186	1,217,522	1,356,948	8,354,876	1,918,488
Unrestricted	6,240,799	754,819	(221,474)	1,361,256	2,391,051	3,485,062	3,649,353	4,884,464	(2,048,336)	908,734
Total primary government net position	<u>\$ 19,583,884</u>	<u>\$ 14,997,156</u>	<u>\$ 15,871,001</u>	<u>\$ 16,369,991</u>	<u>\$ 18,248,091</u>	<u>\$ 20,209,619</u>	<u>\$ 21,507,131</u>	<u>\$ 23,904,060</u>	<u>\$ 26,294,695</u>	<u>\$ 26,194,672</u>

In fiscal year 2015, the City adopted and implemented GASB 68 for pensions, resulting in a restatement of beginning net position by (\$5,289,878) and (\$894,285) for governmental and business-type activities, respectively.

In fiscal year 2015, the City discovered that contributed capital related to street resurfacing projects in prior years had not been recognized in the respective years and had not been recorded as capital assets. A restatement increasing beginning net position of \$979,166 resulted.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,691,259	\$ 962,626	\$ 988,583	\$ 1,298,680	\$ 1,040,883	\$ 1,472,241	\$ 1,478,252	\$ 1,733,679	\$ 5,023,545	\$ 2,451,964
Judicial services	266,658	239,808	170,346	248,493	213,559	232,066	231,022	257,587	257,483	280,765
Public safety	3,189,175	3,053,832	3,234,023	3,585,990	3,794,027	3,933,957	4,826,669	4,903,329	5,472,074	6,763,952
Streets and sanitation	1,179,422	1,064,804	1,164,351	1,109,341	1,148,139	1,324,433	1,305,159	1,562,577	1,893,418	2,494,133
Recreation	558,420	530,780	513,371	544,940	539,983	593,337	649,658	873,062	1,014,627	887,069
Civic Center/Performing Arts	699,966	738,137	830,113	569,710	226,170	200,994	200,000	-	-	-
Commerce Park/special events	407,130	420,519	317,005	221,847	275,355	365,782	339,102	464,295	514,793	942,063
Interest and other charges	63,316	60,719	86,355	64,456	56,467	87,815	181,693	245,171	531,888	269,477
Total governmental activities expenses	<u>9,055,346</u>	<u>7,071,225</u>	<u>7,304,147</u>	<u>7,643,457</u>	<u>7,294,583</u>	<u>8,210,625</u>	<u>9,211,555</u>	<u>10,039,700</u>	<u>14,707,828</u>	<u>14,089,423</u>
Business-type activities:										
Natural gas	7,330,350	7,087,667	5,561,059	5,894,620	7,932,882	7,732,716	6,951,714	6,955,759	9,206,704	13,097,026
Sewer	557,071	609,986	632,888	757,565	522,941	750,156	867,474	795,028	1,172,247	1,182,548
Total business-type operating expense	<u>7,887,421</u>	<u>7,697,653</u>	<u>6,193,947</u>	<u>6,652,185</u>	<u>8,455,823</u>	<u>8,482,872</u>	<u>7,819,188</u>	<u>7,750,787</u>	<u>10,378,951</u>	<u>14,279,574</u>
Total primary government expenses	<u>\$ 16,942,767</u>	<u>\$ 14,768,878</u>	<u>\$ 13,498,094</u>	<u>\$ 14,295,642</u>	<u>\$ 15,750,406</u>	<u>\$ 16,693,497</u>	<u>\$ 17,030,743</u>	<u>\$ 17,790,487</u>	<u>\$ 25,086,779</u>	<u>\$ 28,368,997</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,087,451	1,188,422	475,854	874,773	1,340,761	1,295,718	1,338,087	1,750,110	2,692,644	3,645,339
Public safety	1,104,664	1,143,455	1,118,719	1,201,746	1,242,750	1,095,579	1,197,833	1,211,195	1,489,391	1,332,677
Streets and sanitation	81,079	83,226	88,431	90,847	91,504	524,135	572,411	598,484	640,907	730,757
Recreation	86,421	60,319	111,332	115,202	96,858	95,159	86,697	97,953	129,642	292,434
Performing arts	408,034	449,603	356,286	121,198	5	-	-	-	-	-
Special events/community development	59,798	42,050	45,154	46,459	46,724	67,271	64,291	85,344	96,299	110,717
Operating grants and contributions	97,824	103,484	69,927	137,119	92,076	82,683	109,461	62,222	84,600	1,743,963
Capital grants and contributions	271,745	255,750	596,113	465,494	185,421	152,264	159,376	126,045	292,440	-
Total governmental activities program revenues	<u>3,197,016</u>	<u>3,326,309</u>	<u>2,861,816</u>	<u>3,052,838</u>	<u>3,096,099</u>	<u>3,312,809</u>	<u>3,528,156</u>	<u>3,931,353</u>	<u>5,425,923</u>	<u>7,855,887</u>
Business-type activities:										
Natural gas:										
Charges for services	8,093,733	7,489,612	6,548,137	6,561,435	9,003,244	9,208,449	8,366,205	9,198,159	11,264,418	13,511,665
Sewer:										
Charges for services	717,208	776,822	834,126	926,932	1,009,076	1,172,332	1,275,745	1,356,572	1,499,570	1,563,355
Capital grants and contributions	6,773	-	-	-	-	-	-	-	504,000	-
Total business-type activities	<u>8,825,578</u>	<u>8,266,434</u>	<u>7,382,263</u>	<u>7,488,367</u>	<u>10,012,320</u>	<u>10,380,781</u>	<u>9,641,950</u>	<u>10,554,731</u>	<u>13,267,988</u>	<u>15,075,020</u>
Total primary government program revenues	<u>\$ 12,022,594</u>	<u>\$ 11,592,743</u>	<u>\$ 10,244,079</u>	<u>\$ 10,541,205</u>	<u>\$ 13,108,419</u>	<u>\$ 13,693,590</u>	<u>\$ 13,170,106</u>	<u>\$ 14,486,084</u>	<u>\$ 18,693,911</u>	<u>\$ 22,930,907</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (5,858,330)	\$ (3,744,916)	\$ (4,442,331)	\$ (4,590,619)	\$ (4,198,484)	\$ (4,897,816)	\$ (5,683,399)	\$ (6,108,347)	\$ (9,281,905)	\$ (6,233,536)
Business-type activities										
Natural gas	771,247	401,945	987,078	666,815	1,070,362	1,475,733	1,414,491	2,242,400	2,057,714	414,639
Sewer	166,910	166,836	201,238	169,367	486,135	422,176	408,271	561,544	831,323	380,807
Total business-type activities	<u>938,157</u>	<u>568,781</u>	<u>1,188,316</u>	<u>836,182</u>	<u>1,556,497</u>	<u>1,897,909</u>	<u>1,822,762</u>	<u>2,803,944</u>	<u>2,889,037</u>	<u>795,446</u>
Total primary government net expense	<u>\$ (4,920,173)</u>	<u>\$ (3,176,135)</u>	<u>\$ (3,254,015)</u>	<u>\$ (3,754,437)</u>	<u>\$ (2,641,987)</u>	<u>\$ (2,999,907)</u>	<u>\$ (3,860,637)</u>	<u>\$ (3,304,403)</u>	<u>\$ (6,392,868)</u>	<u>\$ (5,438,090)</u>

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 3,100,685	\$ 3,242,077	\$ 3,581,115	\$ 3,614,878	\$ 3,807,843	\$ 3,973,902	\$ 4,252,196	\$ 4,864,855	\$ 5,224,935	\$ 3,801,951
Hospitality taxes	237,908	210,307	323,896	348,648	412,326	439,517	439,706	534,763	577,959	671,076
Intergovernmental	211,010	170,265	170,715	264,000	204,408	209,698	217,560	167,242	2,813,085	1,376,129
Miscellaneous	27,614	23,285	18,332	6,963	73,667	198,370	131,785	127,131	274,036	36,751
Gain (loss) on sale of capital assets	-	97,843	(40,084)	-	-	-	-	-	-	104,120
Investment earnings (loss)	6,364	4,635	6,390	3,866	5,330	29,889	36,153	5,084	(3,115)	236,551
Transfers	2,118,809	342,333	817,889	1,082,500	627,685	590,186	590,186	590,186	690,186	1,404,318
Total governmental activities	<u>5,702,390</u>	<u>4,090,745</u>	<u>4,878,253</u>	<u>5,320,855</u>	<u>5,131,259</u>	<u>5,441,562</u>	<u>5,667,586</u>	<u>6,289,261</u>	<u>9,577,086</u>	<u>7,630,896</u>
Business-type activities:										
Gas										
Investment earnings (loss)	73,116	44,713	61,775	6,860	3,920	83,797	52,930	1,293	(122,748)	28,547
Miscellaneous revenue	-	-	2,106	-	-	11,286	20,110	205	18,200	4,619
Transfers	(2,118,809)	(342,333)	(876,108)	(1,082,500)	(627,685)	(590,186)	(590,186)	(590,186)	(690,186)	1,653,049
Capital contributions expense	-	-	-	-	-	-	-	-	-	(3,202,013)
Sewer										
Investment earnings (loss)	918	1,279	3,615	8,212	12,593	11,366	7,709	759	1,151	20,235
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	38,576
Transfers	-	-	58,219	-	-	3,610	-	-	-	785,049
Capital contributions expense	-	-	-	-	-	-	-	-	-	(640,403)
Total business-type activities	<u>(2,044,775)</u>	<u>(296,341)</u>	<u>(750,393)</u>	<u>(1,067,428)</u>	<u>(611,172)</u>	<u>(480,127)</u>	<u>(509,437)</u>	<u>(587,929)</u>	<u>(793,583)</u>	<u>(1,312,341)</u>
Total primary government	<u>\$ 3,657,615</u>	<u>\$ 3,794,404</u>	<u>\$ 4,127,860</u>	<u>\$ 4,253,427</u>	<u>\$ 4,520,087</u>	<u>\$ 4,961,435</u>	<u>\$ 5,158,149</u>	<u>\$ 5,701,332</u>	<u>\$ 8,783,503</u>	<u>\$ 6,318,555</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ (155,940)	\$ 345,829	\$ 435,922	\$ 730,236	\$ 932,775	\$ 543,746	\$ (15,813)	\$ 180,914	\$ 295,181	\$ 1,397,360
Business activities	(1,106,618)	272,440	437,923	(231,246)	945,325	1,417,782	1,313,325	2,216,015	2,095,454	(516,895)
Total primary government	<u>\$ (1,262,558)</u>	<u>\$ 618,269</u>	<u>\$ 873,845</u>	<u>\$ 498,990</u>	<u>\$ 1,878,100</u>	<u>\$ 1,961,528</u>	<u>\$ 1,297,512</u>	<u>\$ 2,396,929</u>	<u>\$ 2,390,635</u>	<u>\$ 880,465</u>



## CITY OF FOUNTAIN INN, SOUTH CAROLINA

FUND BALANCES, GOVERNEMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 36,499	\$ 2,500	\$ 142,917	\$ 228,376	\$ 88,340	\$ 134,365	\$ 128,259	\$ 44,343	\$ 47,640	\$ 98,045
Restricted	217,327	1,122,910	425,912	210,796	151,614	94,981	649	649	105,500	-
Assigned	-	20,271	-	-	-	-	62,559	-	-	-
Unassigned	572,584	956,732	1,391,434	1,793,838	3,063,479	3,530,840	3,408,105	4,145,775	5,226,425	5,494,358
Total general fund	<u>\$ 826,410</u>	<u>\$ 2,102,413</u>	<u>\$ 1,960,263</u>	<u>\$ 2,233,010</u>	<u>\$ 3,303,433</u>	<u>\$ 3,760,186</u>	<u>\$ 3,599,572</u>	<u>\$ 4,190,767</u>	<u>\$ 5,379,565</u>	<u>\$ 5,592,403</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	898,253	785,514	864,376	1,049,239	1,126,423	5,793,087	914,831	1,023,137	7,834,907	3,225,390
Unassigned	-	-	-	-	-	-	-	-	1,169,524	-
Total all other governmental funds	<u>\$ 898,253</u>	<u>\$ 785,514</u>	<u>\$ 864,376</u>	<u>\$ 1,049,529</u>	<u>\$ 1,126,423</u>	<u>\$ 5,793,087</u>	<u>\$ 914,831</u>	<u>\$ 1,023,137</u>	<u>\$ 9,004,431</u>	<u>\$ 3,225,390</u>

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 3,324,361	\$ 3,458,577	\$ 3,954,293	\$ 3,936,281	\$ 4,169,153	\$ 4,468,594	\$ 4,637,488	\$ 5,453,632	\$ 5,812,169	\$ 4,463,752
Fire service area revenues	919,933	960,323	1,032,459	1,086,029	1,126,542	990,794	1,157,795	1,160,003	1,420,302	1,167,448
Licenses, permits and fees	274,866	377,148	424,720	552,275	1,292,694	1,253,197	1,296,205	1,740,892	2,615,518	3,645,339
Intergovernmental revenue	563,529	170,265	170,715	264,000	204,408	209,698	217,560	167,242	2,813,085	3,115,209
Fines and forfeitures	184,731	146,185	66,217	81,211	83,368	78,330	36,913	49,509	32,627	45,892
Charges for services	279,881	273,816	224,818	558,477	280,958	727,521	683,232	780,948	852,066	1,116,273
Administrative fees	760,000	760,000	-	-	-	-	-	-	-	-
Performing arts	344,625	400,577	356,286	121,198	5	-	-	-	-	-
Rent - facilities	63,411	49,026	46,122	51,035	35,035	28,020	20,883	11,734	32,071	26,255
Donations/grants	17,050	359,234	647,111	156,881	166,076	169,799	142,792	62,222	84,600	4,883
Other revenues	24,355	23,285	82,415	4,386	73,667	160,239	159,876	90,931	344,070	147,468
Interest and investment income (loss)	6,364	4,635	6,390	6,443	5,330	29,889	36,153	5,084	(3,115)	236,551
Total revenues	6,763,106	6,983,071	7,011,546	6,818,216	7,437,236	8,116,081	8,388,897	9,522,197	14,003,393	13,969,070
<b>Expenditures</b>										
General government	2,433,120	732,339	718,013	686,090	717,264	839,187	1,003,394	1,020,433	2,499,638	1,838,184
Judicial services	267,012	238,388	168,434	242,150	207,288	226,215	227,378	239,710	238,746	280,765
Public safety										
Police	1,689,293	1,570,719	1,695,605	1,795,422	1,960,316	2,158,050	2,517,449	2,474,269	2,835,760	3,651,177
Fire	1,327,656	1,247,024	1,300,354	1,541,311	1,564,619	1,580,815	1,927,879	1,876,541	2,071,206	2,740,801
Streets and sanitation	1,019,410	901,790	1,068,096	1,030,668	1,045,233	1,227,699	1,153,926	1,359,239	1,617,055	1,828,437
Recreation	497,736	467,088	462,244	457,336	455,184	489,824	571,773	662,730	776,377	849,653
Civic Center/performing arts	621,679	658,302	733,224	485,964	226,170	200,994	200,000	-	-	-
Special events/community development	387,407	394,526	270,038	195,023	240,399	338,307	308,259	403,540	466,458	719,680
Commerce Park	20,781	23,328	46,727	26,824	34,956	27,475	30,843	60,755	48,335	-
Capital outlay	781,424	1,139,016	1,019,476	619,031	474,179	2,051,069	5,248,636	886,499	845,134	3,483,183
Debt service										
Principal retirement	425,629	390,307	345,586	362,000	369,105	488,414	706,558	693,608	1,395,126	1,249,305
Interest and fiscal charges	67,836	52,477	80,786	66,231	55,127	57,278	158,058	244,199	267,593	271,804
Bond/lease issue costs	25,239	32,694	10,583	5,655	12,500	142,572	-	12,700	145,959	15,200
Total expenditures	9,564,222	7,847,998	7,919,166	7,513,705	7,362,340	9,827,899	14,054,153	9,934,223	13,207,387	16,928,189
Excess of revenues over (under) expenditures	(2,801,116)	(864,927)	(907,620)	(695,489)	74,896	(1,711,818)	(5,665,256)	(412,026)	796,006	(2,959,119)

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ 195,000	\$ 1,575,500	\$ -	\$ -	\$ -	\$ 6,199,000	\$ -	\$ -	\$ 7,515,000	\$ 482,000
Refunding of revenue bonds	-	-	-	-	-	-	-	-	-	-
Notes payable - master lease	-	-	-	-	437,650	-	-	443,000	113,000	-
Proceeds on sale of property	17,896	110,358	26,443	70,889	7,086	46,049	36,200	78,341	55,900	329,502
Transfers in	2,274,414	486,184	953,299	1,091,281	805,779	1,234,131	850,863	761,329	865,186	1,872,184
Transfers out	(155,605)	(143,851)	(135,410)	(8,781)	(178,094)	(643,945)	(260,677)	(171,143)	(175,000)	(4,310,282)
Total other financing sources (uses)	2,331,705	2,028,191	844,332	1,153,389	1,072,421	6,835,235	626,386	1,111,527	8,374,086	(1,626,596)
Net change in fund balances	\$ (469,411)	\$ 1,163,264	\$ (63,288)	\$ 457,900	\$ 1,147,317	\$ 5,123,417	\$ (5,038,870)	\$ 699,501	\$ 9,170,092	\$ (4,585,715)
Debt service as a percentage of noncapital expenditures*	6%	7%	6%	6%	6%	7%	10%	10%	13%	11%

\* Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net position - see capital additions at Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities).

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<b>Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Other</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2014	\$ 20,970,204	\$ 4,432,034	\$ 180,873	\$ 25,583,111	72.6	\$ 465,376,842	5.50%
2015	21,769,283	4,590,550	194,699	26,554,532	72.6	451,892,926	5.88%
2016	22,389,392	4,797,719	205,199	27,392,310	76.1	466,056,315	5.88%
2017	23,404,074	5,042,594	220,249	28,666,917	76.1	493,374,923	5.81%
2018	23,943,740	5,165,153	217,962	29,326,855	76.1	512,266,905	5.72%
2019	25,486,604	5,467,003	209,339	31,162,946	76.1	554,400,243	5.62%
2020	28,775,619	6,211,648	238,589	35,225,856	76.1	628,677,743	5.60%
2021	32,414,378	6,960,500	262,324	39,637,202	76.1	694,572,988	5.71%
2022	36,656,032	7,943,251	295,539	44,894,822	68.7	822,794,376	5.46%
2023	44,283,350	14,987,091	142,310	59,412,751	68.7	1,048,641,112	5.67%

Source: Greenville and Laurens County Auditors and Greenville and Laurens County Assessors

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

City of Fountain Inn Direct Rates				Overlapping Rates											
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Greenville County Millage	Greenville County School District	Greenville Technical College	Greenville County Library System	Greenville County Recreation	Greenville County Art Museum	Greenville County Arena	Laurens County Millage	Laurens County Special School	Laurens County School Bonds	Laurens County Indigent Care	Laurens County College
2014	61	11.6	72.6	47.7	177.5	5.3	7.4	4.2	1.2	0.4	83.7	130	47.5	1	1
2015	61	11.6	72.6	47.4	182.4	5.3	7.4	4.5	1.2	0.5	85.6	134.9	47.5	1	1
2016	64.5	11.6	76.1	47.4	184.9	5.3	8.5	4.5	1.2	0.5	86.6	137.4	47.5	1	1
2017	64.5	11.6	76.1	47.4	184.9	5.3	8.5	4.5	1.2	0.5	88.8	137.4	47.5	1	1
2018	64.5	11.6	76.1	47.4	191.8	5.3	8.5	4.5	1.2	0.5	90.6	139.7	52.1	-	1
2019	64.5	11.6	76.1	47.4	196.9	5.3	8.5	4.5	1.2	0.5	89.7	144.8	52.1	-	1
2020	64.5	11.6	76.1	47.4	202.9	5.3	8.5	4.5	1.6	0.5	93.7	150.8	53	-	1
2021	64.5	11.6	76.1	47.4	202.9	5.3	8.5	4.5	1.6	-	93.6	150.8	53	-	1
2022	57.1	11.6	68.7	44.3	194.2	5	8	4.5	1.5	0.4	95.6	150.8	53	-	1
2023	57.1	11.6	68.7	51.3	207.7	5	8	4.5	1.5	0.3	95.6	150.8	53	-	1

Source: City Clerk Historical Records

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			Taxpayer	2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SRC Palisades of Fountain Inn	\$ 2,729,380	1	6.08%	Duke Energy Corporation	\$ 1,266,040	1	4.85%
Pierburg US LLC	995,950	2	2.22%	Goglanian Bakeries	707,561	2	2.71%
Fox Hill Greenville LLC CO SUD	881,280	3	1.96%	Fisher Barton SC	533,245	3	2.04%
Duke Energy Carolinas LLC	691,370	4	1.60%	Maillis Strapping Systems USA	502,000	4	1.92%
Bodycote Thermal Process	673,530	5	1.54%	Armstrong Improvements LLC	356,980	5	1.37%
Laurens Electric Coop Inc	642,310	6	1.43%	CCHT LLC	346,680	6	1.33%
Fuyoa Asset Management	540,000	7	1.20%	Fehrer South Carolina LLC	270,434	7	1.04%
Fort Dearborn Company	409,530	8	0.91%	Third Generation South Carolina	264,600	8	1.01%
Mapal Inc	405,780	9	0.90%	Laurens Electric Coop LLC	254,650	9	0.98%
Glen Burnie	322,540	10	0.72%	Holly Oak Chemical	252,980	10	0.97%
Total	<u>\$ 8,291,670</u>		<b>18.56%</b>		<u>\$ 4,755,170</u>		<b>18.22%</b>

Source: Greenville County Auditor and Laurens County Auditor

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year Ended June 30,	Total Tax Levy for Year	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 1,850,411	\$ 1,487,687	80.40%	\$ 349,384	\$ 1,837,071	99.28%
2015	1,927,859	1,530,334	79.38%	286,832	1,817,166	94.26%
2016	2,084,555	1,687,684	80.96%	382,521	2,070,205	99.31%
2017	2,181,552	1,751,401	80.28%	420,746	2,172,147	99.57%
2018	2,231,774	1,818,608	81.49%	403,467	2,222,075	99.57%
2019	2,371,500	2,000,716	84.36%	342,768	2,343,484	98.82%
2020	2,680,688	2,349,531	87.65%	315,129	2,664,660	99.40%
2021	3,016,391	2,761,743	91.56%	214,045	2,975,788	98.65%
2022	3,084,274	3,025,673	98.10%	128,663	3,025,673	98.10%
2023	4,081,656	3,635,755	89.08%	-	3,635,755	89.08%

Source: Greenville Tax Collector and Laurens County Auditors

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Year	Governmental Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Revenue Bonds	Notes Payable Master Leases	Revenue Bond			
2014	\$ 345,000	\$ 1,605,850	\$ 13,191	\$ 5,633,646	\$ 7,597,687	5.08%	\$ 951
2015	1,635,500	1,513,734	-	6,328,699	9,477,933	5.63%	1,165
2016	1,382,750	1,420,898	-	9,366,249	12,169,897	7.19%	1,457
2017	1,119,250	1,322,398	-	8,874,277	11,315,925	5.79%	1,361
2018	849,250	1,223,293	437,650	8,308,792	10,818,985	4.72%	1,245
2019	572,750	7,322,500	325,529	7,726,835	15,947,614	6.03%	1,592
2020	289,750	7,012,079	212,392	7,129,416	14,643,637	4.74%	1,403
2021	-	6,724,093	539,520	6,514,544	13,778,157	4.47%	1,323
2022	-	12,977,504	518,983	5,883,259	19,379,746	4.96%	1,763
2023	-	8,328,382	361,000	9,094,571	17,783,953	3.73%	1,513

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.



**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Notes Payable - Master Lease	Less: Amount Available in Debt Service Fund	Total		
2014	\$ 345,000	\$ 13,191	\$ -	\$ 358,191	1.40%	\$ 45
2015	1,635,500	-	-	1,635,500	6.16%	201
2016	1,382,750	-	-	1,382,750	5.05%	166
2017	1,119,250	-	-	1,119,250	3.90%	135
2018	849,250	437,650	-	1,286,900	4.39%	148
2019	572,750	325,529	-	898,279	2.88%	90
2020	289,750	212,392	-	502,142	1.43%	48
2021	-	539,520	-	539,520	1.36%	52
2022	-	518,983	-	518,983	1.16%	47
2023	-	361,000	-	361,000	0.61%	31

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found on the Schedule of Demographic and Economic Statistics.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2023

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes:</b>			
Counties:			
Greenville County	\$ 282,060,627	1.28%	\$ 3,603,420
Laurens County	30,731,888	4.12%	1,266,154
Special Purpose Districts:			
Greenville Arena District	17,660,000	1.28%	225,612
School District:			
Greenville County School District	813,665,718	1.23%	9,999,889
<b>Subtotal, overlapping debt</b>			15,095,076
<b>City of Fountain Inn Direct Debt</b>		100.00%	8,689,382
<b>Total direct and overlapping</b>			<u>\$ 23,784,458</u>

Source: Greenville County ACFR, Greenville County SD ACFR and Laurens County Auditor

Note: <sup>1</sup> Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the County.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
* Debt Limit	\$ 2,046,649	\$ 2,124,363	\$ 2,191,385	\$ 2,293,353	\$ 2,346,148	\$ 2,493,036	\$ 2,818,068	\$ 3,170,976	\$ 3,591,586	\$ 4,753,020
Total net Debt applicable to limit	345,000	1,635,500	1,382,750	1,119,250	849,250	572,750	-	-	-	-
Legal debt margin	<u>\$ 1,701,649</u>	<u>\$ 488,863</u>	<u>\$ 808,635</u>	<u>\$ 1,174,103</u>	<u>\$ 1,496,898</u>	<u>\$ 1,920,286</u>	<u>\$ 2,818,068</u>	<u>\$ 3,170,976</u>	<u>\$ 3,591,586</u>	<u>\$ 4,753,020</u>
Total net debt applicable to the limit as a percentage of debt limit	16.90%	77.00%	63.10%	48.80%	36.20%	23.00%	0.00%	0.00%	0.00%	0.00%
<b>Legal Debt Margin Calculation for Fiscal Year 2023</b>										
Assessed Value	\$ 59,412,751									
Debt Limit (8 % of assessed value)	4,753,020									
Debt applicable to limit:										
General obligation bonds	-									
Less: Amount set aside for repayment of general obligation debt	-									
Total net debt applicable to limit	<u>-</u>									
Legal debt margin	<u>\$ 4,753,020</u>									

Source: Greenville and Laurens County Auditors and Greenville and Laurens County Treasurers

\* Calculated at eight percent of assessed value.

Note: Under South Carolina State Constitution Article X Section 14 7(a), City of Fountain Inn's outstanding general obligation debt should not exceed eight percent of the total assessed property value.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS

Revenue Bonds						
Natural Gas Fund						
Year	Operating and Non-Operating Revenues	Operating and Non-Operating Expenses (excluding depreciation and amortization)	Net Available Revenue	Debt Service Principal	Interest	Coverage
2014	\$ 8,166,849	\$ 6,884,895	\$ 1,281,954	\$ 195,000	\$ 69,151 <sup>1</sup>	485.0%
2015	7,489,670	6,718,469	771,201	197,549	46,065	317.0%
2016	6,583,562	5,089,445	1,494,117	199,901	103,627	492.0%
2017	6,592,551	5,375,546	1,217,005	242,131	139,293	319.0%
2018	9,042,515	7,519,312	1,523,203	291,209	134,214	358.0%
2019	9,303,532	7,253,660	2,049,872	299,099	126,906	481.0%
2020	8,439,245	6,434,376	2,004,869	305,828	119,412	471.0%
2021	9,199,452	6,432,642	2,766,810	314,393	109,801	652.0%
2022	11,159,870	8,684,299	2,475,571	321,758	103,833	582.0%
2023	13,544,831	12,559,678	985,153	481,451	164,680	152.5%
Sewer Fund						
2014	\$ 718,126	\$ 262,624	\$ 455,502	\$ 160,709	\$ 79,022	190.0%
2015	778,101	259,429	518,672	225,398	110,059	155.0%
2016	837,741	302,581	535,160	227,549	119,798	154.0%
2017	935,144	439,855	495,289	249,841	113,482	136.0%
2018	1,021,669	330,371	691,298	274,276	107,734	181.0%
2019	1,187,308	528,673	658,635	282,858	100,132	172.0%
2020	1,283,454	642,960	640,494	291,591	92,288	167.0%
2021	1,357,536	568,825	788,711	300,479	82,839	206.0%
2022	2,004,721	917,687	1,087,034	309,527	75,860	282.0%
2023	1,622,166	909,546	712,620	347,038	81,070	166.5%

<sup>1</sup> Interest payment was accelerated during 2014 as a result of refunding the 2008 Natural Gas Revenue Bond.

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS

Year	Population	Personal Income*2	Per Capita Personal Income 1	Median Age 3	School Enrollment 4	Unemployment Rate 1
2014	7,991	\$ 149,504	\$ 18,709	34	1,744	5.6%
2015	8,134	168,488	20,714	36	1,744	6.1%
2016	8,352	182,650	21,869	36	1,822	5.4%
2017	8,317	195,350	23,488	35	1,654	5.4%
2018	8,688	229,181	26,379	35	1,910	3.4%
2019	10,019	264,291	26,379	35	2,181	3.1%
2020	10,441	309,116	29,606	37	3,372	3.8%
2021	10,416	308,376	29,606	37	3,153	4.2%
2022	10,995	391,103	35,571	35	3,446	2.7%
2023	11,751	476,632	40,561	37	3,657	2.7%

\* in thousands

Data Sources:

<sup>1</sup> Upstate Alliance, Inc.<sup>2</sup> U.S. Bureau of Economic Analysis<sup>3</sup> Greenville County Economic Development<sup>4</sup> School District of Greenville County, SC

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

2023				2014			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Greenville County School District	11,000	1	4.50%	Prisma Health Systems	10,925	1	4.80%
Bon Secours St Francis Health System	4,200	2	1.70%	Greenville County School District	9,580	2	4.20%
Prisma Health System	3,550	3	1.40%	Bon Secours St Francis Health System	5,047	3	2.20%
Greenville County	2,300	4	0.90%	Michelin North America	4,000	4	1.70%
TD Bank	2,300	5	0.90%	General Electric	3,350	5	1.50%
Fluor Corporation	1,600	6	0.60%	State of South Carolina	3,036	6	1.30%
Warehouse Services	1,300	7	0.50%	Fluor Corporation	2,260	6	1.00%
USC School of Medicine	1,300	8	0.50%	BiLo Supermarkets	2,089	8	0.90%
Greenville Technical College	1,100	9	0.40%	Greenville County	1,914	9	0.80%
Synnex Corporation	1,000	10	0.40%	US Government	1,835	10	0.80%
Total	<b>29,650</b>		<b>11.80%</b>		<b>44,036</b>		<b>19.20%</b>

Source: Greenville County 2023 and 2014 ACFR

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Full Time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
Special Events	-	-	-	-	2	2	1	2	-	-
Planning and Development	-	-	-	-	-	-	2	6	3	2
Administration	4.5	3	7	6	6	6	6	7	3	3
Mayor and City Council	7	7	7	7	7	7	7	-	7	7
Human Resources	-	-	-	-	-	-	-	-	2	2
Finance	-	-	-	-	-	-	-	2	4	4
<b>Judicial Services</b>	3.5	1.5	3	3	3	2	2	2	5	5
<b>Community Relations</b>	-	-	-	-	-	-	-	-	5	4
<b>Public Safety</b>										
Police	32	30	33	29	30	30	33	35	35	37
Fire	20	20	24	24	24	22	23	24	31	29
<b>Streets and Sanitation</b>										
Public Works	4	3	3	3	3	2	2	3	7	2
Streets	6	6	4	7	7	9	8	8	4	6
Sanitation	1	1	1	1	1	1	1	5	8	8
Facilities Maintenance	-	-	-	-	-	-	-	-	2	1
<b>Recreation</b>	6	5	5	9	6	4	5	5	5	7
<b>Civic Center / Performing Arts</b>	2	2	1	-	-	-	-	-	-	-
<b>Economic Development</b>	2	2	1	2	-	-	-	-	-	-
<b>Enterprise Fund</b>										
Natural Gas	17	19.5	18.0	18	20	20	20	20	23	22
Sewer	3	4	3	3	3	3	3	2	4	5
	<u>108</u>	<u>104</u>	<u>110</u>	<u>112</u>	<u>112</u>	<u>108</u>	<u>113</u>	<u>121</u>	<u>148</u>	<u>144</u>

Source: City of Fountain Inn Human Resources

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>County Administration</b>										
<b>City Council</b>										
Regular Meetings	12	12	12	12	12	12	12	12	12	12
Special Meetings	4	6	5	11	8	12	11	6	5	4
Public Hearings	2	2	2	2	2	2	2	3	1	2
Committee Meetings	7	10	7	11	-	-	n/a	n/a	n/a	N/A
<b>General Government</b>										
<b>Building Codes</b>										
Permits Issued	229	318	375	533	577	516	566	743	856	654
Inspections Performed	602	709	860	1,289	1,918	1,978	1,636	3166	5666	6072
Plan Review	-	3	4	10	166	243	235	421	1726	439
Business Licenses Issued	488	561	678	840	692	800	746	871	974	1,074
<b>Finance</b>										
Number of Departments	11	11	11	12	11	14	14	14	17	17
*Timesheets Processed	3,208	2,942	2,889	2,844	2,955	3,174	3,393			
Payroll Checks Issued	155	486	246	197	197	182	214	457	364	374
Payroll Direct Deposits issued	3,619	3,672	3,736	3,555	3,080	2,992		3635	3241	3945
1099's Issued	26	37	51	43	37	33	28	33	39	45
W2's Issued	151	157	157	157	155	150	152	160	161	223
Grants	-	-	-	N/A	N/A	N/A	11	9	3	7
<b>Human Resources</b>										
Applications Processed	345	203	520	1,039	1,316	1,350	1,115	773	1098	1535
Jobs Filled	32	20	28	20	29	20	13	25	67	55
Terminations	15	28	29	34	26	33	32	25	43	37
Grievance Hearings	-	-	-	-	-	-	0	1	2	0
Workers Compensation Claims	7	13	11	9	14	14	6		13	28
<b>Procurement</b>										
Number of RFP's	10	12	10	9	6	6	10	10	6	5
<b>Judicial Services</b>										
<b>Magistrate</b>										
Arrest Warrants	391	349	242	310	356	243	812	420	161	482
Traffic Tickets	2,051	1,705	2,072	1,980	1,107	1,985	2,188	2150	2742	1422

(Continued)



## CITY OF FOUNTAIN INN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Public Safety</b>										
<b>Police Office</b>										
Service Calls	4,381	6,855	7,403	8,769	4,919	5,764	5,971	11,605	11,124	14,938
Incident Reports	1,134	1,893	2,576	3,072	1,527	1,255	1,389	2,647	2,653	2,617
Drug Arrests	65	85	92	168	79	87	170	147	104	105
Meth Labs	-	-	1	-	1	-	-	-	-	-
Traffic Unit - Citations	1,758	2,284	2,450	1,800	2,229	806	749	1,148	1,052	1,095
Taught	125	100	90	120	100	-	72	38	126	15
<b>Fire Department</b>										
Service Calls	116	148	157	190	208	129	174	227	211	235
Incident Reports	1,949	2,237	2,400	2,207	2,328	2,071	2,135	2318	2587	2438
<b>Streets and Sanitation</b>										
<b>Streets</b>										
Repair Orders Processed	26	282	413	380	210	30	386	10		136
Road Calls Made	20	17	-	23	21	30	11	44	9	32
Vehicles Maintained	17	17	17	17	17	20	20	25	5	4
Heavy Equipment Maintained	22	22	22	22	23	9	8	9	0	2
<b>Sanitation</b>										
Tonnage Refuse Processed	2,593	2,381	4,070	4,112	4,291	4,463	4,393	4535	4,656.53	5074.78
<b>Recycling</b>										
Tonnage Recycling Processed	-	-	-	-	-	35	73	82	106.7	131.72
<b>Animal Control</b>										
Work Orders	113	64	89	79	98	-	29	25	8	4
<b>Recreation</b>										
Events Sponsored	9	13	15	14	13	13	14	15	22	23
Citizens Participating	13,067	3,250	3,293	5,148	5,342	5,000	2,800	4500	5125	6275
<b>Special Events</b>										
Events Sponsored	138	108	91	24	9	59	48	55	44	48
Citizens Participating	57,451	41,450	22,750	N/A	N/A	30,000	38,000	44,500	74,211	141,100

## CITY OF FOUNTAIN INN, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Enterprise Fund</b>										
<b>Natural Gas</b>										
Consumption DT's	790,377	795,584	716,373	712,134	884,668	960,559	912,285	985,799	931,051	908,445
Number of customers	6,793	7,075	7,417	7,799	8,366	9,175	9,106	10,339	10,457	12,113
Transactions	81,516	84,898	89,008	93,588	100,390	102,687	83,473	119,999	101,546	108,148
<b>Sewer</b>										
Work Orders	232	232	49	60	148	-	52	57	8	44

Source: City of Fountain Inn Finance Department

In April, 2013, the City elected to change from its December yearend to a June 30 yearend. Accordingly, the statistical data above reflects only the six month period ended June 30, 2013.  
Payroll Vendor Changed June 30, 2020

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Fiscal Year June 30,										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program											
General Government											
Administration											
Buildings	1	1	1	1	1	1	1	1	1	1	1
Equipment and Vehicles	2	1	1	1	1	1	1	1	1	1	1
Mayor and City Council											
Buildings	1	1	1	-	-	-	-	-	-	-	-
Public Safety											
Police Department											
Buildings	1	1	1	1	1	1	1	1	1	1	1
Equipment and Vehicles	21	24	24	38	44	32	53	52	52	52	52
Fire											
Buildings	2	2	2	2	2	2	2	2	2	2	2
Equipment and Vehicles	9	13	12	17	15	11	36	29	29	29	29
Recreation											
Parks											
Land (acres)	40	40	40	40	40	40	40	40	40	40	40
Buildings	2	2	2	2	2	2	2	2	3	2	2
Equipment and Vehicles	6	6	6	5	5	2	27	29	29	24	24
Civic Center / Performing Arts											
Buildings	3	3	3	3	-	-	-	-	-	-	-
Judicial Services											
Buildings	1	1	1	1	1	1	1	1	1	1	1
Equipment and Vehicles	-	-	-	-	-	-	1	1	-	-	-
Enterprise Fund											
Natural Gas											
Buildings	2	2	2	2	2	2	2	2	2	2	2
Infrastructure (miles)	288	296	303	313	324	333	324	333	344	360	378
Equipment and Vehicles	13	13	14	23	23	23	42	44	44	46	49
Sewer											
Buildings	-	1	1	1	1	1	1	1	1	1	1
Infrastructure	49	49	49	49	51	51	51	51	51	54	62
Equipment and Vehicles	10	10	10	10	10	14	19	18	18	20	19

Source: City of Fountain Inn Finance Department : Used Vehicles and Equipment from Fixed Assets Module

## **COMPLIANCE SECTION**

## **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**

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**The Honorable Mayor and Members  
of the City Council  
Fountain Inn, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Fountain Inn, South Carolina** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 1, 2024.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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## **Report on Compliance and Other Matters**

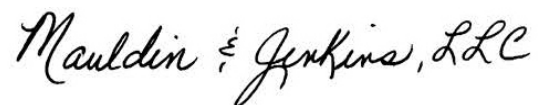
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

## **City of Fountain Inn's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
August 1, 2024

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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**The Honorable Mayor and Members  
of the City Council  
Fountain Inn, South Carolina**

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

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***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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



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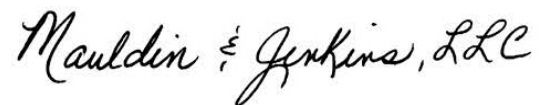
**Report on Internal Control over Compliance**

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

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

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

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



Columbia, South Carolina  
August 1, 2024

**CITY OF FOUNTAIN INN, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Identification Number</b>	<b>Expenditures</b>	<b>Passed through to Subrecipients</b>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Direct:</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-23-UC-45-0001	\$ 5,000	\$ -
<b>Total U.S. Department of Housing and Urban Development</b>			<u>5,000</u>	<u>-</u>
<b>U.S. Department of the Treasury</b>				
<b>Direct:</b>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	FI-ARP2022	1,645,517	285,727
<b>Passed through Laurens County, South Carolina</b>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	FI-ARP2022	<u>75,000</u>	<u>-</u>
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>1,720,517</u>	<u>285,727</u>
<b>Total U.S. Department of the Treasury</b>			<u>1,720,517</u>	<u>285,727</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,725,517</u>	<u>\$ 285,727</u>

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Fountain Inn, South Carolina (the "City"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The City reporting entity is described in Note 1 to the City's basic financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **NOTE 2. DE MINIMIS INDIRECT COST RATE**

The City chose not to use the ten percent de Minimis indirect cost rate for the year ended June 30, 2023.

### **NOTE 3. NON-CASH AWARDS AND LOANS**

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weaknesses identified? ☒ Yes ☐ No

Significant deficiencies? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### **Federal Awards**

Internal Control over major programs:  
Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies? ☐ Yes ☒ No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major program:

Assistance Listing Number

21.027

Name of Federal Program or Cluster

**U.S. Department of the Treasury**

COVID-19 – Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION II FINANCIAL STATEMENT FINDINGS

#### **2023-001. Improper Accounting of Capital Assets**

**Criteria:** Internal controls should be in place to provide reasonable assurance that purchases of capital assets are properly recorded and reported in the City's general ledger and financial statements, respectively.

**Condition:** During the fiscal year ended June 30, 2023, there were multiple instances of capital asset purchases which were not properly recorded in the City's capital asset system or general ledger.

**Context:** Multiple capital asset purchases which were not properly recorded were found in our testing of capital assets.

**Effect:** The City's capital assets for governmental activities were understated by a material amount for fiscal year 2023.

**Cause:** The City's internal control over recording its capital asset transactions did not function properly to ensure proper recording and reporting during the fiscal year.

**Recommendation:** We recommend the City review its internal control procedures for recording expenditures related to capital assets to ensure proper recording and reporting under generally accepted accounting principles.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The City is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly record and report future transactions related to capital assets.

#### **2023-002. Recognition of Revenues**

**Criteria:** GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states that recipients of "reimbursement-type" and "expenditure-driven" grant programs cannot qualify for resources without first incurring allowable costs under the provider's program which effects the timing of recognition of revenues. Cash provided in advance should be reported as unearned revenues by the recipient until allowable costs have been incurred.

**Condition:** The City recognized revenues in the prior year for funds received for the Coronavirus State and Local Fiscal Recovery Funds, an "expenditure-driven grant," in which allowable costs had not been incurred. These funds should have been recorded as unearned revenue.

**Context:** We addressed this issue with City officials, and they were able to determine the amount of unearned revenue to be recorded in the American Rescue Plan Act Fund.

# CITY OF FOUNTAIN INN, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION II FINANCIAL STATEMENT FINDINGS (CONTINUED)

#### **2023-002. Recognition of Revenues (Continued)**

**Effect:** The City determined a restatement of \$980,488 to decrease fund balance of the American Rescue Plan Act Fund and net position of the City's governmental activities in order to properly record unearned revenues as of July 1, 2022.

**Cause:** Funds received through Coronavirus State and Local Fiscal Recovery Funds were all recognized as revenue in the prior year.

**Recommendation:** We recommend the City review all relevant general ledger accounts throughout the fiscal year and ensure all respective receivables, revenues, and unearned revenues are properly identified and stated at the end of each accounting period.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The City is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to ensure that revenues and unearned revenues are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

### SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

### SECTION IV PRIOR YEAR FINDINGS AND QUESTIONED COSTS

#### **2022-001. Unrecorded Liabilities**

**Criteria:** The City should appropriately record all expenditures and the corresponding accounts payable for the year the expenditures were incurred.

**Condition:** The City should appropriately record all transactions related to expenditures and the related accounts payable liability in the accounting software program during its year-end close process.

**Status:** Resolved.

## MANAGEMENT CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

**Finding:** 2023-001 – Improper Accounting of Capital Assets

**Name of contact person:** Kira DeLoache – Director of Finance

**Corrective action:** We will review the respective systems to evaluate and determine the most efficient and effective solution to properly record and report future transactions related to capital assets.

**Proposed completion date:** Fiscal Year 2024.

**Finding:** 2023-002 – Recognition of Revenues

**Name of contact person:** Kira DeLoache – Director of Finance

**Corrective action:** We have implemented the necessary controls and procedures to ensure that revenues and unearned revenues are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

**Proposed completion date:** Completed.

Respectfully submitted,



Shawn Bell  
City Administrator



Kira DeLoache  
Finance Director