

**CITY OF HARTSVILLE
HARTSVILLE, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2021**

**CITY OF HARTSVILLE, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021**

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MAYOR

Carl M. (Mel) Pennington, IV

MAYOR PRO-TEM

Johnny L. Andrews - District 4

COUNCIL MEMBERS

Kenzie DeLaine – District 1

Bryson Caldwell-District 2

Teresa Mack-District 3

Robert J. Braddock, Jr. - District 5

Bobby McGee – District 6

City Manager -----Daniel P. Moore
Chief Financial Officer-----Karen Caulder
City Clerk ----- Sherron L. Skipper
Public Services Director ----- Wesley Miles
Parks & Recreation Services Director----- Adam Bedard
Police Chief----- Jerry Thompson
Fire Chief-----Jeff Burr
Human Resource Director----- Vacant

October 29, 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartsville, South Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of the City of Hartsville, South Carolina, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 4-11 and 69, and the schedules of funding progress and employer contributions, schedule of City's proportionate share of net pension liabilities, schedule of City's contributions, schedule of change in net OPEB liability, schedule of the net OPEB liability and schedule of employer contributions on pages 70-74 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartsville, South Carolina's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2021 on our consideration of the City of Hartsville, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hartsville, South Carolina's internal control over financial reporting and compliance.

Sheheen, Hancock & Godwin, LLP

Sheheen, Hancock and Godwin, LLP
Camden, South Carolina

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021**

As management of the City of Hartsville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the transmittal letter at the front of this report and with the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$26,812,698 at the close of the 2021 fiscal year. Of this amount, \$9,191,007 may be used to meet City government's ongoing obligations to citizens and creditors.
- Revenues and other financing sources (uses) totaled \$18,394,831 and expenditures totaled \$16,478,368 for all governmental funds at the fund level. Included in that expenditure total is \$1,915,306 in capital outlay projects. Accordingly, revenues exceeded expenditures and other financing sources by \$1,898,299.
- As of the close of fiscal year 2021, the City of Hartsville's governmental funds reported combined ending fund balances of \$4,622,021. Approximately 59 percent of this amount, \$2,728,263 is available for spending at the governments' discretion (general fund unassigned fund balance).
- The City of Hartsville's business type activities reported net position at fiscal year-end of \$17,621,691 an increase of approximately 2 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

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

Both of the government-wide financial statements distinguish functions of the City of Hartsville principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hartsville include general government, public safety, judicial, streets and grounds, sanitation, and tourism and recreation. The business-type activities of the City include water and sewer, storm water and concessions services. The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements:

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

Governmental Funds:

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

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

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

Enterprise funds reflect activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Proprietary funds provide the same types of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements can be found on pages 18-21 of this report. Supplementary proprietary fund information can be found on page 96.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Fiduciary Funds: The City acts as agent, or fiduciary, for other entities resources. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The fiduciary fund statement of net position can be found on page 22 of this report.

Notes to the Financial Statements:

The notes provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes are presented after the government-wide and fund financial statements on pages 24-61.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

As noted previously, net position serves over time as a useful indicator of a government's financial position. For the City of Hartsville, assets exceeded liabilities by \$26,794,554 at the close of the most recent fiscal year. Net position is reported in three categories: net investment in capital assets of \$30,798,381, restricted net position of \$1,761,201, and unrestricted net position of \$(5,765,028). The City's combined net position increased by \$1,619,423 between fiscal years 2020 and 2021. (See Table A-1)

The largest portion of the City's net position (115 percent) reflects its net investment in capital assets (e.g. land, building, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Hartsville's investment in its capital assets is reported net of related debt, it should be noted that the resources, since they are capital assets themselves, cannot be used to liquidate these liabilities.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Table A-1

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Assets						
Current and Other Assets	\$ 4,259,804	\$ 6,197,759	\$ 5,136,472	\$ 4,815,083	\$ 9,396,276	\$ 11,012,842
Capital Assets	20,502,845	20,746,125	29,709,880	29,611,455	50,212,725	50,357,580
Total Assets	<u>24,762,649</u>	<u>26,943,884</u>	<u>34,846,352</u>	<u>34,426,538</u>	<u>59,609,001</u>	<u>61,370,422</u>
Deferred Outflows						
OPEB Cost	76,471	58,776	-	-	76,471	58,776
Pension Cost	<u>1,586,361</u>	<u>2,190,740</u>	<u>231,864</u>	<u>330,824</u>	<u>1,818,225</u>	<u>2,521,564</u>
Total Deferred Outflows	<u>1,662,832</u>	<u>2,249,516</u>	<u>231,864</u>	<u>330,824</u>	<u>1,894,696</u>	<u>2,580,340</u>
Liabilities						
Current Liabilities	2,344,643	2,060,406	889,133	1,293,513	3,233,776	3,353,919
Non-Current Liabilities	<u>15,960,240</u>	<u>17,413,326</u>	<u>16,864,579</u>	<u>15,735,326</u>	<u>32,824,819</u>	<u>33,148,652</u>
Total Liabilities	<u>18,304,883</u>	<u>19,473,732</u>	<u>17,753,712</u>	<u>17,028,839</u>	<u>36,058,595</u>	<u>36,502,571</u>
Deferred Inflows						
Revenue	<u>172,690</u>	<u>528,661</u>	<u>12,951</u>	<u>106,832</u>	<u>185,641</u>	<u>635,493</u>
Net Position						
Net Investment in Capital						
Assets	13,823,925	14,198,846	15,442,063	15,450,833	29,265,988	29,649,679
Restricted For:						
Economic Development	279,539	379,688	-	-	279,539	379,688
Culture and Recreation	599,799	599,799	-	-	599,799	599,799
Public Safety	54,902	76,384	-	-	54,902	76,384
Debt Service	19,563	137,830	72,122	1,112,884	91,685	1,250,714
Construction Fund	-	-	690,930	-	690,930	-
Unrestricted	<u>(6,829,820)</u>	<u>(6,201,540)</u>	<u>1,106,438</u>	<u>1,057,974</u>	<u>(5,723,382)</u>	<u>(5,143,566)</u>
Total Net Position	<u>\$ 7,947,908</u>	<u>\$ 9,191,007</u>	<u>\$ 17,311,553</u>	<u>\$ 17,621,691</u>	<u>\$ 25,259,461</u>	<u>\$ 26,812,698</u>

Changes in net position:

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

Governmental Activities

Revenues for the City's governmental activities decreased by \$38,755, while total expenditures decreased by \$609,543.

Business-type activities:

The City's business-type activities are the water and sewer enterprise fund, a combined public utility consisting of water, sewer and water park services, storm water fund and concessions fund. The total of charges for services, interest revenue and transfers of \$6,532,282 were more than the total expenses of \$6,222,144, yielding a positive change in net position of \$310,138 for fiscal year 2021. Since the water, sewer & water park, storm water and concessions fund are proprietary funds, their capital expenses and principal payments are recorded on the balance sheet like non-governmental businesses. Therefore, the positive change in net position does not reflect payment of \$1,255,897 in principal payments and \$1,360,618 in capital expenses for all four utilities.

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Table A-2
City of Hartsville Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Revenues						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 4,377,474	\$ 4,633,788	\$ 5,555,827	\$ 6,221,485	\$ 9,933,301	\$ 10,855,273
Operating Grants	279,038	425,495	-	-	279,038	425,495
Capital Grants	837,178	1,464,335	1,637,570	-	2,474,748	1,464,335
General Revenues:						
Property Taxes	7,671,347	7,899,885	-	-	7,671,347	7,899,885
Miscellaneous	445,238	437,358	181,559	170,017	626,797	607,375
Unrestricted Investment Earnings	1,036	5,290	22,403	266	23,439	5,556
Intergovernmental Revenues	184,080	187,608	-	-	184,080	187,608
Gain (Loss) on Disposition of Capital Assets	1,809	(41,590)	-	-	1,809	(41,590)
Transfers	1,113,210	(140,514)	(1,113,210)	140,514	-	-
Total Revenues	<u>14,910,410</u>	<u>14,871,655</u>	<u>6,284,149</u>	<u>6,532,282</u>	<u>21,194,559</u>	<u>21,403,937</u>
Expenses						
General Government	3,941,910	3,803,151	-	-	3,941,910	3,803,151
Public Safety	5,634,341	5,683,102	-	-	5,634,341	5,683,102
Public Works	2,276,095	2,293,986	-	-	2,276,095	2,293,986
Economic Development	934,863	680,572	-	-	934,863	680,572
Culture and Recreation	775,616	740,428	-	-	775,616	740,428
Airport	83,411	80,796	-	-	83,411	80,796
Cemetery	149,724	148,998	-	-	149,724	148,998
Interest on Long-Term Debt	185,807	113,077	-	-	185,807	113,077
Capital Outlay	171,886	-	-	-	171,886	-
Enterprise Funds:						
Water and Sewer	-	-	5,414,733	6,062,568	5,414,733	6,062,568
Other Proprietary Funds	-	-	155,603	159,576	155,603	159,576
Total Expenses	<u>14,153,653</u>	<u>13,544,110</u>	<u>5,570,336</u>	<u>6,222,144</u>	<u>19,723,989</u>	<u>19,766,254</u>
Change in Net Position	756,757	1,327,545	713,813	310,138	1,470,570	1,637,683
Net Position, Beginning of Year as restated	<u>7,191,151</u>	<u>7,863,462</u>	<u>16,597,740</u>	<u>17,311,553</u>	<u>23,788,891</u>	<u>25,175,015</u>
Net Position, End of Year	<u>\$ 7,947,908</u>	<u>\$ 9,191,007</u>	<u>\$ 17,311,553</u>	<u>\$ 17,621,691</u>	<u>\$ 25,259,461</u>	<u>\$ 26,812,698</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City governmental funds reported a combined ending fund balance of \$4,622,021. In the general fund there was a committed balance of \$83,541, and an unassigned fund balance of \$2,728,263. The remaining fund balance consisted of \$1,193,701 in restricted and \$616,516 in assigned located in special revenue funds.

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

Unrestricted, undesignated net position of the water and sewer fund at the end of the year was \$1,057,974 or 6% of total proprietary fund net position in the amount of \$17,621,691. The City's largest component of proprietary fund net position is net investment in capital assets, of \$15,450,833 or 88% of total net position. Other factors concerning the finances of this fund have been previously discussed with regard to City of Hartsville's business-type activities.

General Fund Budgetary Highlights

The City's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The general fund has a legally adopted budget. There were several budget amendments during fiscal year ended June 30, 2021, listed below:

Budget Amendments – Utility Funds

Revenue:

Accumulated Surplus (Water/Sewer)	\$ 467,920
Accumulated Surplus (Waterpark)	\$ 400,000

Expenditures:

Capital (Water/Sewer)	\$ 130,860
Grant Matches(Water/Sewer)	\$ 177,060
Special Projects and Services (Water/Sewer)	\$ 160,000
Capital (Water Park)	\$ 400,000

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the City had invested \$50,357,580 in a broad range of capital assets, net of depreciation. (See Table A-3 below)

Table A-3
City of Hartsville Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Land	\$ 7,683,556	\$ 7,683,556	\$ 145,904	\$ 145,904	\$ 7,829,460	\$ 7,829,460
Construction in Progress	4,042,387	3,777,418	449,421	1,257,521	4,491,808	5,034,939
Buildings and Systems	2,775,968	2,775,968	134,518	134,518	2,910,486	2,910,486
Infrastructure	21,940,625	23,673,985	35,249,688	35,297,139	57,190,313	58,971,124
Machinery and Equipment	10,673,202	9,721,041	3,120,880	3,188,131	13,794,082	12,909,172
Water Park	-	-	9,510,364	9,883,265	9,510,364	9,883,265
Accumulated Depreciation	<u>(26,612,893)</u>	<u>(26,885,843)</u>	<u>(18,900,895)</u>	<u>(20,295,023)</u>	<u>(45,513,788)</u>	<u>(47,180,866)</u>
Total	<u>\$ 20,502,845</u>	<u>\$ 20,746,125</u>	<u>\$ 29,709,880</u>	<u>\$ 29,611,455</u>	<u>\$ 50,212,725</u>	<u>\$ 50,357,580</u>

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

Government Activities

Machinery and Vehicles	\$ 139,349
Infrastructure	\$ 1,546,219

Business-type Activities

Water Park	\$ 372,901
Machinery and Equipment	\$ 132,166
Infrastructure	\$ 47,451
Generator	\$ 313,899
South Park Sewer	\$ 157,009
Drainage	\$ 266,441
Smith Street Well Project	\$ 70,751

**CITY OF HARTSVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(Continued)**

Additional information on the City of Hartsville's capital assets can be found in Note 6, beginning on page 37 of this report.

Long-Term Debt

At year end the City had \$21,587,787 in outstanding notes, bonds, capital leases and compensated absences, compared to \$23,714,652 at June 30, 2020, and \$12,570,035 in net pension liability, compared to \$11,439,683 at June 30, 2020. The City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds, water and sewer charges and tax increment bonds).

South Carolina state statutes limit the amount of general obligation debt a governmental entity may issue without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2021 the total debt limitation of assessed values for the City is \$1,809,298 with \$1,259,398 remaining.

Additional information on the City of Hartsville's long-term debt as reported for fiscal year 2021 can be found in Note 8, beginning on page 38 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2021, the unemployment rate for Darlington County was 5.0%. This compares unfavorably with the latest State's unemployment rate of 4.5%, but favorably with the national rate of 5.9%. These indicators were considered in preparing the City's budget for the 2021 fiscal year.

The City has been very fortunate and due to sound fiscal decisions, did not increase millage for fiscal year 2021. While the City continues to be relatively stable in this improving economy, we have taken a conservative approach to our budget projections for 2021.

In our business-type activities the budget for fiscal year 2021 increased minimally due to expected volume increases and continued implementation of our rate study that went into effect on July 1, 2014, in which no water and sewer rate increases occurred. In 2018 the City completed a comprehensive rate study with an engineering firm. As a result, City Council approved water and sewer rate increases over a five-year period with implementation on July 1, 2018. The rate increases are to ensure that the City can properly maintain the infrastructure and continue providing quality services to the City of Hartsville.

Requests for Information

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and Cash Equivalents	\$ 2,159,699	\$ 3,754,634	\$ 5,914,333	\$ 107,866
Restricted Cash	2,283,499	-	2,283,499	-
Investments	-	-	-	1,013,568
Receivables, Net	1,344,191	851,672	2,195,863	-
Inventories	-	208,777	208,777	-
Interfund Balances	-	-	-	-
Due From Other Governmental Units	410,370	-	410,370	-
Capital Assets:				
Land	7,683,556	145,904	7,829,460	-
Construction in Progress	3,777,418	1,257,521	5,034,939	-
Buildings and Systems	2,775,968	134,518	2,910,486	-
Machinery and Equipment	9,721,041	3,188,131	12,909,172	-
Infrastructure	23,673,985	35,297,139	58,971,124	-
Splash Pad / Water Park	-	9,883,265	9,883,265	-
Less: Accumulated Depreciation	<u>(26,885,843)</u>	<u>(20,295,023)</u>	<u>(47,180,866)</u>	<u>-</u>
Total Capital Assets, Net of Depreciation	<u>20,746,125</u>	<u>29,611,455</u>	<u>50,357,580</u>	<u>-</u>
Deferred Outflows of Resources				
Prepaid OPEB Cost	58,776	-	58,776	-
Prepaid Pension Cost	<u>2,190,740</u>	<u>330,824</u>	<u>2,521,564</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>2,249,516</u>	<u>330,824</u>	<u>2,580,340</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>29,193,400</u>	<u>34,757,362</u>	<u>63,950,762</u>	<u>1,121,434</u>
Liabilities				
Accounts Payable and Accrued Liabilities	1,290,686	98,403	1,389,089	-
Accrued Interest Payable	-	46,863	46,863	-
Renters Deposits	865	-	865	-
Due to Other Governmental Units	40	410,370	410,410	-
Long-Term Liabilities:				
Due Within One Year:				
General Obligation Bonds	11,900	-	11,900	-
Revenue Bonds	657,273	725,000	1,382,273	-
Compensated Absences	99,642	12,877	112,519	-
Due in More Than One Year:				
Compensated Absences	243,008	28,981	271,989	-
General Obligation Bonds	538,000	-	538,000	-
Revenue Bonds	3,840,106	13,931,000	17,771,106	-
Loan Payable	1,500,000	-	1,500,000	-
Net OPEB Liability	497,522	-	497,522	-
Net Pension Liability	<u>10,794,690</u>	<u>1,775,345</u>	<u>12,570,035</u>	<u>-</u>
Total Liabilities	<u>19,473,732</u>	<u>17,028,839</u>	<u>36,502,571</u>	<u>-</u>
Deferred Inflows				
Unavailable Revenue - Bond Premium	216,633	-	216,633	-
Unavailable Revenue - OPEB	38,209	-	38,209	-
Unavailable Revenue - Pension	<u>273,819</u>	<u>106,832</u>	<u>380,651</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>528,661</u>	<u>106,832</u>	<u>635,493</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	14,198,846	15,450,833	29,649,679	-
Restricted for:				
Economic Development	379,688	-	379,688	-
Culture and Recreation	599,799	-	599,799	-
Public Safety	76,384	-	76,384	-
Debt Service	137,830	1,112,884	1,250,714	-
Construction Fund	-	-	-	-
Unrestricted	<u>(6,201,540)</u>	<u>1,057,974</u>	<u>(5,143,566)</u>	<u>1,121,434</u>
Total Net Position	<u>\$ 9,191,007</u>	<u>\$ 17,621,691</u>	<u>\$ 26,812,698</u>	<u>\$ 1,121,434</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
Government Activities								
General Government Administration	\$ 3,803,151	\$ 2,372,840		\$ -	\$ (1,430,311)	\$ -	\$ (1,430,311)	\$ -
Public Safety	5,683,102	752,006		-	(4,931,096)	-	(4,931,096)	-
Public Works	2,293,986	1,411,481	-	-	(882,505)	-	(882,505)	-
Economic Development	680,572	-	425,495	1,464,335	1,209,258	-	1,209,258	-
Culture and Recreation	740,428	11,121			(729,307)	-	(729,307)	-
Airport	80,796	-	-	-	(80,796)	-	(80,796)	-
Cemetery	148,998	86,340	-	-	(62,658)	-	(62,658)	-
Interest on Long-Term Debt	113,077	-	-	-	(113,077)	-	(113,077)	-
Total Governmental Activities	<u>13,544,110</u>	<u>4,633,788</u>	<u>425,495</u>	<u>1,464,335</u>	<u>(7,020,492)</u>	<u>-</u>	<u>(7,020,492)</u>	<u>-</u>
Business-Type Activities:								
Water & Sewer	6,062,568	6,149,760	-	-	-	87,192	87,192	-
Other Proprietary Funds	159,576	71,725	-	-	-	(87,851)	(87,851)	-
Total Business-Type Activities	<u>6,222,144</u>	<u>6,221,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(659)</u>	<u>(659)</u>	<u>-</u>
Total Primary Government	<u>\$ 19,766,254</u>	<u>\$ 10,855,273</u>	<u>\$ 425,495</u>	<u>\$ 1,464,335</u>	<u>(7,020,492)</u>	<u>(659)</u>	<u>(7,021,151)</u>	<u>-</u>
Component Unit								
Hartsville Museum Foundation, Inc.	\$ 63,023	\$ -	\$ -	\$ 27,033				(35,990)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					2,576,004	-	2,576,004	-
Other Taxes					3,983,611	-	3,983,611	-
Franchise Fees					688,968	-	688,968	-
Payments in Lieu of Taxes					651,302	-	651,302	-
Unrestricted Investment Earnings					5,290	266	5,556	30,693
Unrealized Gain/(Loss) on Investments					-	-	-	77,659
Miscellaneous					437,358	170,017	607,375	-
Intergovernmental Revenues					187,608	-	187,608	-
Gain/(Loss) on Disposition of Assets					(41,590)	-	(41,590)	40,619
Transfers - Utility Fund					(140,514)	140,514	-	-
Total General Revenues and Transfers					<u>8,348,037</u>	<u>310,797</u>	<u>8,658,834</u>	<u>148,971</u>
Change in Net Position					<u>1,327,545</u>	<u>310,138</u>	<u>1,637,683</u>	<u>112,981</u>
Net Position, Beginning of Year, Restated					<u>7,863,462</u>	<u>17,311,553</u>	<u>25,175,015</u>	<u>1,008,453</u>
Net Position, End of Year					<u>\$ 9,191,007</u>	<u>\$ 17,621,691</u>	<u>\$ 26,812,698</u>	<u>\$ 1,121,434</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,159,699	\$ -	\$ -	\$ -	\$ 2,159,699
Receivables:					
Intergovernmental Receivable	669,357	-	-	-	669,357
Sanitation Receivable, Net	328,108	-	-	-	328,108
Property Tax Receivable, Net	231,241	-	-	9,815	241,056
Accounts Receivable, Net	11,125	-	-	94,545	105,670
Due from Other Funds	936,722	-	-	9,543	946,265
Restricted Cash	-	473,740	222,136	1,587,623	2,283,499
	<u>-</u>	<u>473,740</u>	<u>222,136</u>	<u>1,587,623</u>	<u>2,283,499</u>
Total Assets	<u>\$ 4,336,252</u>	<u>\$ 473,740</u>	<u>\$ 222,136</u>	<u>\$ 1,701,526</u>	<u>\$ 6,733,654</u>
Liabilities					
Accounts Payable and Accrued Expenses	\$ 1,247,938	\$ -	\$ -	\$ 42,748	\$ 1,290,686
Compensated Absences	103,225	-	-	-	103,225
Renter Deposit	-	-	-	865	865
Due to Other Governments	40	-	-	-	40
Due to Other Funds	-	25,000	6,056	504,839	535,895
	<u>-</u>	<u>25,000</u>	<u>6,056</u>	<u>504,839</u>	<u>535,895</u>
Total Liabilities	<u>1,351,203</u>	<u>25,000</u>	<u>6,056</u>	<u>548,452</u>	<u>1,930,711</u>
Deferred Inflows					
Unavailable Revenue - Property Taxes	173,245	-	-	7,677	180,922
	<u>173,245</u>	<u>-</u>	<u>-</u>	<u>7,677</u>	<u>180,922</u>
Total Deferred Inflows	<u>173,245</u>	<u>-</u>	<u>-</u>	<u>7,677</u>	<u>180,922</u>
Fund Balances					
Restricted for:					
Capital Projects	-	-	216,080	163,608	379,688
Culture, Recreation and Tourism	-	448,740	-	151,059	599,799
Public Safety	-	-	-	76,384	76,384
Debt Service	-	-	-	137,830	137,830
Committed To:					
Cemetery Care	83,541	-	-	-	83,541
Assigned to:					
Donations and Sponsorships	-	-	-	616,516	616,516
Unassigned	2,728,263	-	-	-	2,728,263
	<u>2,728,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,728,263</u>
Total Fund Balances	<u>2,811,804</u>	<u>448,740</u>	<u>216,080</u>	<u>1,145,397</u>	<u>4,622,021</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 4,336,252</u>	<u>\$ 473,740</u>	<u>\$ 222,136</u>	<u>\$ 1,701,526</u>	<u>\$ 6,733,654</u>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,622,021
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property Taxes	180,922
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$47,631,968 and the accumulated depreciation is \$26,885,843.	
	20,746,125
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, not reported in the funds.	
Deferred outflows of resources related to pensions (from pension schedule)	2,190,740
Deferred outflows of resources related to OPEB	58,776
Deferred inflows of resources related to OPEB	(38,209)
Deferred inflows of resources related to pensions (from pension schedule)	(273,819)
Deferred inflows of resources related to Bond Premiums	(216,633)
Long-term liabilities, including debt premiums and deferred refunding charges, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Bonds	(538,000)
General Obligation Bonds - Current	(11,900)
Compensated Absences - Current	3,583
Revenue Bonds	(3,840,106)
Revenue Bonds - Current	(657,273)
Loan Payable	(1,500,000)
Net OPEB Liability	(497,522)
Net Pension Liability	(10,794,690)
Compensated Absences	<u>(243,008)</u>
Total Net Position Governmental Activities (Exhibit A)	<u>\$ 9,191,007</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property Taxes	\$ 2,500,188	\$ -	\$ -	\$ 153,745	\$ 2,653,933
Other Taxes	2,553,720	1,021,679	-	408,212	3,983,611
Fee in Lieu	-	-	651,302	-	651,302
Franchise Fees	688,968	-	-	-	688,968
Licenses, Permits and Fees	2,398,766	-	-	-	2,398,766
Intergovernmental Revenue	187,608	-	-	-	187,608
Charges for Services	1,411,481	-	-	-	1,411,481
Fines and Forfeitures	49,983	-	-	-	49,983
Investment Earnings	5,288	-	-	-	5,288
Contributions and Donations	-	-	-	424,796	424,796
Rents	33,300	-	-	-	33,300
Fire Contract	639,513	-	-	-	639,513
Grants	-	-	-	1,762,884	1,762,884
Miscellaneous	524,748	-	6,500	47,035	578,283
Total Revenues	<u>10,993,563</u>	<u>1,021,679</u>	<u>657,802</u>	<u>2,796,672</u>	<u>15,469,716</u>
Expenditures					
Current					
General Government	3,240,014	-	-	-	3,240,014
Public Safety	4,724,409	-	-	24,855	4,749,264
Public Works	2,051,906	-	-	-	2,051,906
Economic Development	-	128,166	7,515	250,596	386,277
Culture and Recreation	662,354	-	-	-	662,354
Airport	72,246	-	-	-	72,246
Cemetery	133,273	-	-	-	133,273
Capital Outlay	291,425	38,783	87,847	1,479,107	1,897,162
Debt Service					
Principal	1,541,750	798,080	371,428	412,300	3,123,558
Interest	35,003	6,564	57,489	84,595	183,651
Total Expenditures	<u>12,752,380</u>	<u>971,593</u>	<u>524,279</u>	<u>2,251,453</u>	<u>16,499,705</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,758,817)</u>	<u>50,086</u>	<u>133,523</u>	<u>545,219</u>	<u>(1,029,989)</u>
Other Financing Sources (Uses)					
Loan Proceeds	-	-	-	100,000	100,000
Bond Proceeds	-	-	-	3,140,703	3,140,703
Bond Issuance Costs	-	-	-	(175,076)	(175,076)
Sale of Capital Assets	21,317	-	-	-	21,317
Transfers In	3,523,053	897,144	-	475,247	4,895,444
Transfers Out	(25,822)	(947,230)	(133,523)	(3,929,381)	(5,035,956)
Total Other Financing Sources (Uses)	<u>3,518,548</u>	<u>(50,086)</u>	<u>(133,523)</u>	<u>(388,507)</u>	<u>2,946,432</u>
Net Change in Fund Balances	1,759,731	-	-	156,712	1,916,443
Fund Balances, Beginning of Year, as restated	<u>1,052,073</u>	<u>448,740</u>	<u>216,080</u>	<u>988,685</u>	<u>2,705,578</u>
Fund Balances, End of Year	<u>\$ 2,811,804</u>	<u>\$ 448,740</u>	<u>\$ 216,080</u>	<u>\$ 1,145,397</u>	<u>\$ 4,622,021</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Total Net Change In Fund Balances - Governmental Funds (Exhibit E)	\$ 1,916,443
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,685,568 exceeds depreciation expense of \$1,379,381 in the period.	306,187
The loss on disposal of assets has been included in the Statement of Activities, whereas in the governmental funds, proceeds from disposal of assets increases financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets disposed.	(62,907)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,581,807
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(2,900,000)
Bond premium provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(216,634)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(100,000)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,549,832
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	
Deferred tax revenue decreased in the current year.	(77,929)
Deferred grant revenue decreased in the current year.	(338,031)
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amount earned exceeded vacation used by this amount.	183,388
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest increased in the current year.	38,420
Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(553,522)
Changes in the City's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	491
Change in Net Position of Governmental Activities (Exhibit B)	\$ <u>1,327,545</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS
June 30, 2021

Assets

Current Assets:

Cash and Cash Equivalents	\$ 3,754,634
Accounts Receivable, Net	851,672
Inventory	<u>208,777</u>
 Total Current Assets	 <u>4,815,083</u>

Non-Current Assets:

Land	145,904
Construction in Progress	1,257,521
Capital Assets, Net	<u>28,208,030</u>
 Total Non-Current Assets	 <u>29,611,455</u>

Deferred Outflows of Resources

Prepaid Pension Cost	<u>330,824</u>
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Total Assets and Deferred Outflows of Resources 34,757,362

Liabilities

Current Liabilities:

Accounts Payable and Accrued Expenses	98,403
Accrued Interest Payable	46,863
Due to Other Funds	410,370
Current Portion of Compensated Absences	12,877
Current Portion of Revenue Bonds Payable	<u>725,000</u>
 Total Current Liabilities	 <u>1,293,513</u>

Long-Term Liabilities:

Compensated Absences	28,981
Net Pension Liability	1,775,345
Revenue Bonds Payable	<u>13,931,000</u>

Total Liabilities 17,028,839

Deferred Inflows of Resources

Unavailable Revenue - Pension	<u>106,832</u>
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Net Position

Net Investment in Capital Assets	15,450,833
Restricted for Debt Service	1,112,884
Unrestricted	<u>1,057,974</u>
 Total Net Position	 <u>\$ 17,621,691</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Water, Sewer & Water Park	Other Proprietary Funds	Total Proprietary Funds
Operating Revenues			
Charges for Services			
Water Charges	\$ 2,273,301	\$ 60	\$ 2,273,361
Sewer Charges	2,420,857	-	2,420,857
Taps	37,259	-	37,259
Penalties	112,318	-	112,318
Other Fees and Charges	78,891	-	78,891
Waterpark	1,227,134	-	1,227,134
Concessions	-	70,026	70,026
Miscellaneous	1,981	1,639	3,620
Tower Leases	168,036	-	168,036
	<u>6,319,777</u>	<u>71,725</u>	<u>6,391,502</u>
Total Revenues			
Operating Expenses			
Advertising	60,103	-	60,103
Bad Debt Recovery	(16,700)	(127)	(16,827)
Contract Services	1,079,195	2,409	1,081,604
Depreciation	1,450,640	8,402	1,459,042
Dues and Subscriptions	1,959	-	1,959
Employee Benefits	260,078	14,000	274,078
Equipment	72	-	72
Food	119,312	-	119,312
Grant Match	232,042	-	232,042
Insurance	289,626	7,135	296,761
Legal and Professional	149,320	170	149,490
Miscellaneous	11,368	-	11,368
Office Supplies	11,285	314	11,599
Payroll Taxes	80,455	4,700	85,155
Postage	19,560	-	19,560
Repairs and Maintenance	126,605	11,734	138,339
Salaries	729,593	66,995	796,588
Supplies	202,571	36,640	239,211
System Repairs and Maintenance	459,622	7,039	466,661
Telephone	16,050	-	16,050
Training	5,323	-	5,323
Uniforms	24,186	165	24,351
Utilities	93,325	-	93,325
Vehicle Expense	54,896	-	54,896
Water Testing Fees	21,404	-	21,404
	<u>5,481,890</u>	<u>159,576</u>	<u>5,641,466</u>
Total Operating Expenses			
Operating Income / (Loss)	<u>837,887</u>	<u>(87,851)</u>	<u>750,036</u>
Non-Operating Income (Expense)			
Investment Income	266	-	266
Interest Expense	(580,678)	-	(580,678)
	<u>(580,412)</u>	<u>-</u>	<u>(580,412)</u>
Total Non-Operating Income (Expense)			
Income Before Contributions and Transfers	<u>257,475</u>	<u>(87,851)</u>	<u>169,624</u>
Operating Transfers In	1,356,184	89,139	1,445,323
Operating Transfers Out	(1,304,809)	-	(1,304,809)
	<u>51,375</u>	<u>89,139</u>	<u>140,514</u>
Total Transfers			
Change in Net Position	308,850	1,288	310,138
Net Position, Beginning of Year - Restated	<u>16,758,147</u>	<u>553,406</u>	<u>17,311,553</u>
Net Position, End of Year	<u>\$ 17,066,997</u>	<u>\$ 554,694</u>	<u>\$ 17,621,691</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 6,370,620
Cash Paid to Suppliers	(3,246,554)
Cash Paid To Employees	<u>(796,588)</u>
Net Cash Provided by Operating Activities	<u>2,327,478</u>
Cash Flows From Non-Capital Financing Activities	
Operating Transfers from Other Funds	140,514
(Decrease) in Due to Other Funds	<u>410,371</u>
Net Cash (Used) by Non-Capital Financing Activities	<u>550,885</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(1,360,618)
Principal Paid on Capital Debt	(1,255,897)
Interest Paid on Capital Debt	<u>(580,678)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,197,193)</u>
Cash Flows from Investing Activities	
Interest Income	<u>266</u>
Net Cash Provided by Investing Activities	<u>266</u>
Net Decrease in Cash and Cash Equivalents	(318,564)
Cash and Cash Equivalents, Beginning of Year	<u>4,073,198</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,754,634</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021
(Continued)

EXHIBIT I
(Continued)

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$	750,036
Adjustments to Reconcile Operating Income to Net Cash Provided		
By Operating Activities:		
Depreciation		1,459,042
(Increase) in Accounts Receivable, Net		(20,882)
Decrease in Inventory		23,707
(Increase) in Deferred Cost		(5,079)
Increase in Net Pension Liability		117,613
Increase in Accounts and other Payables		<u>3,041</u>
Net Cash Provided by Operating Activities	\$	<u>2,327,478</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS

Current Assets - Cash and Cash Equivalents	\$	<u>3,754,634</u>
Total Cash and Cash Equivalents	\$	<u><u>3,754,634</u></u>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021**

	<u>Agency Funds</u>
Assets	
Cash	\$ 110,000
Accounts Receivable	4,878
Capital Assets, Net	<u>131,654</u>
Total Assets	<u>\$ 246,532</u>
Net Position	
Unrestricted - Other Governments	<u>\$ 246,532</u>
Total Net Position	<u>\$ 246,532</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Agency Funds
Additions	
Business License Collections - Other Governments	\$ 39,853
Miscellaneous	9,468
Total Additions	49,321
Deductions	
Park Maintenance	26,815
Depreciation	4,550
Total Deductions	31,365
Net Increase (Decrease) in Fiduciary Net Position	17,956
Net Position - Beginning of Year	228,576
Net Position - End of Year	\$ 246,532

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Basis of Presentation

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

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

The funds of the City are described below:

Governmental Funds

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

General Fund

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

Special Revenue Fund

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

Special Projects Fund

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

Narcotics Fund

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Hartsville Public Development Corporation

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

Hartsville Public Facilities Corporation

The *Hartsville Public Facilities Corporation*, a non-major fund, is used to provide support financing of the City.

Accommodations Tax Fund

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

Infrastructure Park Fund

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

Hospitality Tax Fund

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

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

Debt Service Funds

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

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

Proprietary Fund

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The enterprise funds are as follows:

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

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

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

Fiduciary Funds

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

Agency Funds

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

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

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Fund Financial Statements

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Basis of Accounting

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

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

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

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

E. Receivables

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

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

F. Inventories

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

G. Restricted Assets

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

H. Capital Assets

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

Government-Wide Statements

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

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

H. Capital Assets (continued)

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

Fund Financial Statements

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

I. Short-term Inter-fund Receivables/Payable

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

J. Compensated Absences

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

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

K. Deferred Outflows of Resources

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

L. Deferred Inflows of Resources

In addition to liabilities, the City reports deferred inflows of resources in a separate section of its government-wide, governmental fund and proprietary fund statements. This separate financial

L. Deferred Inflows of Resources (continued)

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

M. Long-Term Debt

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

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

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

N. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets. This consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, constructions, or improvements of those assets.
- b. Restricted net position. This consists of net position with constraints placed on the use either by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position. All other net position that does not meet the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

The City classifies governmental fund balances as follows:

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

- Non-spendable—Includes amounts that inherently cannot be spent either because they are not in a spendable form (i.e., prepaids, inventories, long-term loan receivables, etc.) or because they are legally or contractually required to be maintained intact (i.e., principal on an endowment, etc.).

N. Equity Classifications (continued)

- Restricted—Includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributors through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.
- Committed—Includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by City Council, which is the highest level of decision-making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned—Includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed, designated by Council before the end of the reporting period.
- Unassigned—Includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

O. Operating and Non-Operating Revenues and Expenses

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

P. Capital Contributions

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

Q. Inter-fund Transactions

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

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

R. Use of Estimates

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

S. Statement of Cash Flows

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

T. Pensions

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

U. Prior Period Adjustments

Governmental

Net Position, beginning of the year, as previously stated	\$ 7,947,908
Revenue booked incorrectly in prior year	<u>(84,446)</u>
Net Position, beginning of the year, as restated	<u>\$ 7,863,462</u>

General Fund

Fund Balance, beginning of year, as previously stated	\$ 1,314,886
Increase resulting from revenue booked incorrectly in prior year	53
Decrease resulting from reallocation of funds from general fund	<u>(262,866)</u>
Fund Balance, beginning of the year, as restated	<u>\$ 1,052,073</u>

Other Government Funds

Fund Balance, beginning of year, as previously stated	\$ 810,318
Increase resulting from reallocation of funds from general fund	262,866
Decrease resulting from revenues recorded incorrectly in prior year	<u>(84,499)</u>
Fund Balance, beginning of the year, as restated	<u>\$ 988,685</u>

Note 2. Deposits and Investments

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institutions trust department or agent in the name of the City. As of June 30, 2021, \$7,536,875 of the City's bank balance of \$8,458,282, which has a carrying value of \$8,307,834, was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank in the City's name	\$ <u>7,536,875</u>
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Note 3. Restricted Cash

Certain resources, which have been set aside for grant expenditures are classified as restricted cash on the Special Revenue Fund balance sheet because their use is limited. The amount of restricted cash held by the Special Revenue Fund amounted to \$2,283,499 as of June 30, 2021.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 4. Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

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

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

	Governmental Funds	Enterprise Funds	Total
Receivables:			
Taxes	\$ 491,670	\$ -	\$ 491,670
Accounts	105,670	1,225,609	1,331,279
Intergovernmental	669,357	-	669,357
Sanitation	535,167	-	535,167
Gross Receivables	1,801,864	1,225,609	3,027,473
Less Allowance for Uncollectibles	(457,673)	(373,937)	(831,610)
Net Total Receivables	\$ 1,344,191	\$ 851,672	\$ 2,195,863

Note 5. Inter-fund Receivables and Payables

Inter-fund balances at June 30, 2021, (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Due to/from other funds:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 936,722	\$ -
Special Revenue Funds	9,543	535,895
Proprietary Fund	-	410,370
Fiduciary Fund	-	-
Totals	\$ 946,265	\$ 946,265

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-depreciable Assets:					
Land	\$ 7,683,556	\$ -	\$ -	\$ -	\$ 7,683,556
Construction in Progress	4,042,387	1,326,422	-	(1,591,391)	3,777,418
Depreciable Assets					
Building and Systems	2,775,968	-	-	-	2,775,968
Infrastructure	21,940,625	219,797	(77,828)	1,591,391	23,673,985
Machinery and Equipment	10,673,202	139,349	(1,091,510)	-	9,721,041
Totals	<u>47,115,738</u>	<u>1,685,568</u>	<u>(1,169,338)</u>	<u>-</u>	<u>47,631,968</u>
Less Accumulated Depreciation For:					
Building and Systems	1,723,977	83,417	-	-	1,807,394
Infrastructure	16,323,375	750,448	(35,044)	-	17,038,779
Machinery and Equipment	8,565,541	545,516	(1,071,387)	-	8,039,670
Total Accumulated Depreciation	<u>26,612,893</u>	<u>1,379,381</u>	<u>(1,106,431)</u>	<u>-</u>	<u>26,885,843</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,502,845</u>	<u>\$ 306,187</u>	<u>\$ (62,907)</u>	<u>\$ -</u>	<u>\$ 20,746,125</u>
Business-Type Activities:					
Non-depreciable Assets:					
Land	\$ 145,904	\$ -	\$ -	\$ -	\$ 145,904
Construction in Progress	449,421	808,100	-	-	1,257,521
Depreciable Assets					
Building and Systems	134,518	-	-	-	134,518
Infrastructure	35,249,688	47,451	-	-	35,297,139
Machinery and Equipment	3,120,880	132,166	(64,915)	-	3,188,131
Waterpark	9,510,364	372,901	-	-	9,883,265
Totals	<u>48,610,775</u>	<u>1,360,618</u>	<u>(64,915)</u>	<u>-</u>	<u>49,906,478</u>
Less Accumulated Depreciation For:					
Building and Systems	123,207	7,342	-	-	130,549
Infrastructure	15,348,211	870,048	-	-	16,218,259
Machinery and Equipment	2,566,666	211,478	(64,915)	-	2,713,229
Waterpark	862,811	370,175	-	-	1,232,986
Total Accumulated Depreciation	<u>18,900,895</u>	<u>1,459,043</u>	<u>(64,915)</u>	<u>-</u>	<u>20,295,023</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,709,880</u>	<u>\$ (98,425)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,611,455</u>

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

Governmental Activities	
General Government	\$ 402,779
Public Safety	560,305
Public Works	242,081
Culture and Recreation	78,073
Economic Development	71,866
Airport	8,552
Cemetery	<u>15,725</u>
Total Depreciation Expense- Governmental Activities	<u>\$ 1,379,381</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Capital Assets (continued)

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2021:

	<u>Expenditures To Date</u>	<u>Total Contract</u>	<u>Contract Payments Remaining</u>
Governmental Activities:			
Firing Range	21,554	21,554	-
Multi-County BP Project	3,717,462	3,717,462	-
Canal District	<u>38,402</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 3,777,418</u>	 <u>\$ 3,739,016</u>	 <u>\$ -</u>
 Business-Type Activities:			
Industrial Park	\$ 40,445	\$ 40,445	\$ -
Storm Water	297,727	297,727	-
Generator	335,159	481,700	146,541
South Park Sewer	189,538	882,500	692,962
Drainage	323,900	323,900	-
Smith Street Well Project	<u>70,751</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 1,257,520</u>	 <u>\$ 2,026,272</u>	 <u>\$ 839,503</u>

Note 7. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2021, are as follows:

Accounts Payable	\$ 858,673
Accrued Payroll, Withholdings, Fringe and Benefits	<u>432,013</u>
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 1,290,686</u>

Note 8. Long-term Debt

Governmental Activities:

As of June 30, 2021, the governmental long-term debt consisted of general obligation bonds, revenue bonds and compensated absences.

General Obligation Bonds

On June 29, 2012, the City issued Series 2012 General Obligation Bonds totaling \$1,224,500 with principal and interest payments due June 29 of each year. The bonds range in maturity dates from 2014 to 2023. The interest rate is fixed at 2.16%. This bond was paid off during the fiscal year from a refunding bond.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Long-term Debt (continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 11,900	\$ 13,362	\$ 25,262
2023	12,000	13,073	25,073
2024	126,800	12,782	139,582
2025	129,900	9,701	139,601
2026	133,000	6,544	139,544
2027	136,300	3,312	139,612
	<u>\$ 549,900</u>	<u>\$ 58,774</u>	<u>\$ 608,674</u>

Revenue Bonds Payable

On June 29, 2012, the City issued Series 2012 Special Obligation Bonds totaling \$3,665,000 with principal and interest payments due March 30 of each year. The bonds range in maturity dates from 2014 to 2022. The interest rate is fixed at 2.35%. This bond was paid off during the fiscal year from a refunding bond.

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

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 657,273	\$ 131,769	\$ 789,042
2023	683,436	109,606	793,042
2024	704,924	86,518	791,442
2025	726,746	62,694	789,440
2026	325,000	38,125	363,125
2027-2030	1,400,000	49,395	1,449,395
	<u>\$ 4,497,379</u>	<u>\$ 478,107</u>	<u>\$ 4,975,486</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Long-term Debt (continued)

Loan Payable

On March 21, 2018, the City obtained a mortgage Line-of-Credit with the Byerly Foundation of \$1,500,000. At the end of June 30, 2021, the City had an outstanding balance of \$1,500,000. Interest on the note is due quarterly. The line-of-credit matures in 5 years from the original agreement date with principal and interest due at that time.

Business-type Activities:

Revenue Bonds

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

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

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 725,000	\$ 541,350	\$ 1,266,350
2023	880,000	519,600	1,399,600
2024	915,000	488,800	1,403,800
2025	950,000	452,200	1,402,200
2026	990,000	414,200	1,404,200
2027-2031	4,395,000	1,467,800	5,862,800
2032-2036	3,410,000	731,800	4,141,800
2037-2038	2,391,000	94,200	2,485,200
	<u>\$ 14,656,000</u>	<u>\$ 4,709,950</u>	<u>\$ 19,365,950</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Long-term Debt (continued)

The following is a summary of changes in long-term obligations of the City as of June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities:</i>					
G.O. Bonds	\$ 962,200	\$ -	\$ (412,300)	\$ 549,900	\$ 11,900
Revenue Bond	2,766,886	2,900,000	(1,169,507)	4,497,379	657,273
Capital Lease	1,549,832	-	(1,549,832)	-	-
Note Payable	1,400,000	100,000	-	1,500,000	-
Compensated Absences	510,388	342,650	(510,388)	342,650	99,642
Totals	<u>\$ 7,189,306</u>	<u>\$ 3,342,650</u>	<u>\$ (3,642,027)</u>	<u>\$ 6,889,929</u>	<u>\$ 768,815</u>
<i>Business-Type Activities:</i>					
Revenue Bonds	\$ 15,356,000	\$ -	\$ (700,000)	\$ 14,656,000	\$ 725,000
Capital Lease	555,897	-	(555,897)	-	-
Compensated Absences	77,000	41,858	(77,000)	41,858	12,877
Totals	<u>\$ 15,988,897</u>	<u>\$ 41,858</u>	<u>\$ (1,332,897)</u>	<u>\$ 14,697,858</u>	<u>\$ 737,877</u>

Note 9. Debt Limitations

The amount of legal debt margin as of June 30, 2021, is computed as follows:

Total Assessed Value	<u>\$ 24,140,170</u>
Debit Limit (8% of Assessed Value)	\$ 1,931,214
Amount of Debt Applicable to Debt Limit	<u>(549,900)</u>
Legal Debt Margin	<u>\$ 1,381,314</u>

Note 10. Employee Retirement Systems

Description of the Entity- The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, 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 SC Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a schedule reduction of the funding periods, and addressed various governance issues including the required a scheduled reduction of the funding periods, addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

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

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

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

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

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

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and 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; or to serve as 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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

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

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

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

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions- Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. 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% for SCRS and 9.75% 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 through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

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

Required employee contribution rates are as follows:

SCRS	<u>Fiscal Year 2021*</u>	<u>Fiscal Year 2020*</u>
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

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

Required employer contributions are as follows:

SCRS	<u>Fiscal Year 2021*</u>	<u>Fiscal Year 2020*</u>
Employer Class Two	15.41%	15.41%
Employer Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	17.84%	17.84%
Employer Class Three	17.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

Actuarial Assumptions and Methods- Actuarial valuations of the 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 as of June 30, 2015.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

The June 30, 2020, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used calculate the TPL as of June 30, 2020.

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

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

Assumptions used in the determination of the June 30, 2020, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability- 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, 2020, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Tern Expected Portfolio Real Rate of Return</u>
Global Equity	51%		
Global Public Equity	35%	7.81%	2.73%
Private Equity	9%	8.91%	80.00%
Equity Options Strategies	7%	5.09%	36.00%
Real Assets	12%		
Real Estate (Private)	8%	5.55%	44.00%
Real Estate (REITs)	1%	7.78%	8.00%
Infrastructure (Private)	2%	4.88%	0.10%
Infrastructure (Public)	1%	7.05%	7.00%
Opportunistic	8%		
Global Tactical Asset Allocation	7%	3.56%	25.00%
Other Opportunistic Strategies	1%	4.41%	4.00%
Credit	15%		
High Yield Bonds / Bank Loans	4%	4.21%	0.17%
Emerging Markets Debt	4%	3.44%	0.14%
Private Debt	7%	5.79%	0.40%
Rate Sensitive	14%		
Core Fixed Income	13%	1.60%	0.21%
Cash and Short Duration (Net)	<u>1%</u>	56.00%	<u>0.01%</u>
Total Expected Return	100%		5.80%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>8.05%</u>

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

Sensitivity Analysis- The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

System	1% Decrease <u>6.25%</u>	Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
SCRS	\$ 8,793,087	\$ 7,094,762	\$ 5,676,639
PORS	\$ 7,248,338	\$ 5,475,273	\$ 4,051,614

Additional Financial and Actuarial Information – Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems’ audited financial statements for the fiscal year ended June 30, 2020 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- At June 30, 2021, the City reported a liability of \$7,094,762 for the SCRS and \$5,475,273 for the PORS for a total of \$12,570,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating state entities, actuarially determined. At June 30, 2021, the City’s proportion was 0.022777 percent for the SCRS and 0.165106 percent for the PORS measured as of June 30, 2021.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 198,225	\$ 50,929
Changes of assumptions	75,508	-
Net difference between projected and actual earnings on pension plan investments	1,082,527	-
Changes in proportion and differences between District contributions and proportionate share of contributions	231,998	329,722
Town contributions subsequent to measurement date	<u>933,306</u>	-
Total	<u>\$ 2,521,564</u>	<u>\$ 380,651</u>

The City’s contributions subsequent to the measurement date of \$938,306 are reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Employee Retirement Systems (continued)

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in the pension expense as follows:

Year Ended June 30:	<u>SCRS</u>	<u>PORS</u>	<u>Combined</u>
2021	\$ 56,199	\$ 268,642	\$ 324,841
2022	129,183	199,377	328,560
2023	81,387	192,683	274,070
2024	<u>133,172</u>	<u>146,964</u>	<u>280,136</u>
Total	<u>\$ 399,941</u>	<u>\$ 807,666</u>	<u>\$ 1,207,607</u>

Payables to the Pension Plan- The City reported a payable to the PEBA as of June 30, 2021, in the amount of \$109,408, representing required employer and employee contributions for the month of June 2021 for the plans. This amount is included in Accrued Expenses on the financial statements and was paid in July 2021.

Note 11. Other Post-Employment Benefits (OPEB)

Plan Description. The city is a member of the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer healthcare plan that provides employment and postemployment healthcare benefits. Participants must be eligible to retire and have 10 or more years of earned South Carolina Retirement System service credit with a participating state insurance program employer, with the last five years of employment consecutive and in a full-time position with the City to receive benefits upon retirement. Disabled retirees who meet the same criteria above will be eligible to participate in the City’s health and dental plan. The plan offers medical and dental insurance benefits for eligible retirees and their spouses. The City pays the employer portion of the employee-only premium for retiree-only medical and dental coverage (including associated experience load), and the retiree pays the rest of the premium (including associated experience load). Effective January 1, 2017, the City pays \$375.32 of the medical premium and \$13.48 of the dental premium. The City’s contribution is available to:

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

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

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The following table summarizes the membership of the plan as of January 1, 2019, the valuation date:

	Number
Inactive Employees or Beneficiaries Currently Receiving Benefits	16
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	125
Total Membership	141

Actuarial assumptions and other inputs – The TOL was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and other inputs.

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	2.74%
Measurement Date	2.12%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029

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

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2018 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2018 valuation were based on a review of recent plan experience done concurrently with the December 31, 2018 valuation.

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

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

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	57.50%	4.50%
US Govt MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration (Net)	<u>2.50%</u>	<u>2.50%</u>
Total	100.00%	

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

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

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

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 352,557	\$ 497,522	\$ 669,802

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

Discount Rate Sensitivity			
	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 612,430	\$ 497,522	\$ 394,409

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Change in Net OPEB Liability (NOL)

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
Balance as of December 31, 2019	\$ 1,258,069	\$ 748,186	\$ 509,883
Changes for the year:			
Service Cost at the end of the year*	42,903	0	42,903
Interest on TOL and Cash Flows	58,033	0	58,033
Change in benefit terms	0	0	0
Difference between expected and actual experience	303	0	303
Changes of assumptions or other inputs	0	0	0
Contributions – employer	0	73,496	(73,496)
Contributions – non-employer	0	0	0
Net investment income	0	40,104	(40,104)
Benefit payments and implicit subsidy credit**	(73,496)	(73,496)	0
Plan administrative expenses***	0	0	0
Other	0	0	0
Net changes	\$ 27,743	\$ 40,104	\$ (12,361)
Balance as of December 31, 2020	\$ 1,285,812	\$ 788,290	\$ 497,522

* The service cost includes interest for the year.

** Benefit payments are net of participant contributions and include a payment of \$24,400 for the implicit subsidy. Benefit payments include \$40,098 paid outside the Trust.

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2018. An expected TOL is determined as of December 31, 2020, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Prior Measurement Date, December 31, 2019, subtracts the expected benefit payments for the year, applies interest at the Discount Rate for the year, and then adds the annual Normal Cost (also called the Service Cost).

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

Changes to benefit terms:

- None

Changes to assumptions or other inputs:

- None

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

Deferred Inflows of Resources and Deferred Outflows of Resources

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,410	\$ 38,209
Changes of assumptions or other inputs	47,466	0
Net difference between projected and actual earnings on plan investments	<u>6,900</u>	<u>0</u>
Total	<u>\$ 58,776</u>	<u>\$ 38,209</u>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

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

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

Measurement Period Ended December 31:	
2021	\$ 7,609
2022	\$ 5,417
2023	\$ 1,576
2024	\$ 1,350
2025	\$ 2,085
Thereafter	\$ 2,530

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

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

COMPONENTS OF OPEB EXPENSE / (INCOME)	
+ / -	<p>Recognition of Current Period Deferred Outflows / Inflows of Resources for:</p> <ul style="list-style-type: none"> - Differences Between Expected and Actual Experience - Changes of Assumptions or Other Inputs - Differences Between Actual and Projected Earnings on Plan Investments <p>Please note that the results provided in this report reflect the following conventions: Experience losses ("positive amounts") increase the balances of Deferred Outflows of Resources, and amounts recognized increase OPEB expense. Experience gains ("negative amounts") decrease the balances of Deferred Inflows of Resources, and amounts recognized decrease OPEB expense.</p> <p>For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values, but cannot be less than one year*. The current recognition period is 8.56 years.</p> <p>For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p>
+	<p>Recognition of Prior Period Deferred Outflows of Resources</p> <p>The amounts that must be recognized during the current year for those Deferred Outflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p>
-	<p>Recognition of Prior Period Deferred Inflows of Resources</p> <p>The amounts that must be recognized during the current year for those Deferred Inflows of Resources established before the current measurement period. The prior recognition periods are shown in Schedule E.</p>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

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

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

Investment Earnings (Gain) Loss	
a) Expected asset return rate	4.75%
b) Beginning of year market value of assets	\$748,186
c) End of year market value of assets	788,290
d) Expected return on beginning assets for plan year	35,539
e) External cash flow (mid-year payments assumed):	
Contributions – employer	73,496
Contributions – active member	0
Refunds of contributions	0
Benefit payments	(73,496)
Administrative expenses*	0
Other	<u>0</u>
Total external cash flow	0
f) Expected return on external cash flow	0
g) Projected earnings for plan year (d + f)	35,539
h) Net investment income (c – b – e)	40,104
i). Investment earnings (gain) loss (g – h)	<u>(\$4,565)</u>

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The calculation of the OE for the year ended June 30, 2021 is shown in the following table:

OPEB Expense	
For Year Ending June 30, 2021	
Service Cost at end of year*	\$42,903
Interest on the Total OPEB Liability and Cash Flow	58,033
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	35
Expensed portion of current-period changes of assumptions or other inputs	0
Active member contributions	0
Projected earnings on plan investments	(35,539)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(913)
Administrative Costs**	0
Other	0
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	14,311
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	<u>(5,825)</u>
OPEB Expense	<u>\$73,005</u>

*The service cost includes interest for the year.

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

Methods and assumptions used in calculations of Actuarially Determined Employer Contributions. The Actuarially Determined Employer Contribution amount in the Schedule of Employer Contributions (Schedule A) is calculated with each biennial actuarial valuation. The actuarial methods and assumptions from the December 31, 2018 actuarial valuation reports were used to determine the most recent contribution amounts. Please refer the December 31, 2018 and prior actuarial valuation reports for details related to the assumptions and methods used.

Note 12. Commitments and Contingencies

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

In the normal course of business, the City enters into agreements with contractors for construction projects. As of June 30, 2021, open contracts and project budgets for construction totaled \$5,765,288, of which \$5,034,938 has been recorded as construction in progress.

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 13. Insurance and Risk Management

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

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

The City paid insurance premiums to the South Carolina Counties Property and Liability Trust totaling \$359,491 to cover risks that may occur in normal operations. These risks include loss of real property and contents, motor vehicles, errors and omissions, general liability and theft and dishonesty.

The City paid insurance premiums to the South Carolina Counties Workers' Compensation Trust totaling \$140,295 for workers' compensation coverage.

Note 14. Deferred Compensation Plans

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

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

Note 15. Intergovernmental Revenues

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 16. Inter-fund Transfers

Transfers from (to) other funds for the year ended June 30, 2021, consist of the following:

General Fund		Accommodations Fund	
Transfer from Proprietary Fund	\$ 1,200,000	Transfer to General Fund	(53,641)
Transfer from Hospitality fund	928,249	Transfer to Hospitality Fund	<u>(92,500)</u>
Transfer from Accommodations Fund	53,641		
Transfer from Project Funds	730,511	Net Total Transfer	<u>\$ (146,141)</u>
Transfer from HPFC	610,652		
Transfer to Other Funds	<u>(25,824)</u>		
Net Total Transfer	<u>\$ 3,497,229</u>		
		Proprietary Fund	
		Water and Sewer Fund	
		Transfer from HPFC	\$ 1,356,184
		Transfer to Harts Public Facilities Corp	(10,634)
		Transfer to Storm Water Fund	(89,139)
		Transfer to General Fund	<u>(1,205,037)</u>
		Net Total Transfer To	<u>\$ 51,374</u>
		Special Revenue Fund	
		Transfer from HPFC	\$ 4,316
		Transfer to Utility	<u>(808,099)</u>
		Net Total Transfer	<u>\$ (803,783)</u>
		Debt Service Fund	
		Transfer from HPFC	400,941
		Transfer to Other Funds	<u>(9,516)</u>
		Net Total Transfer	<u>\$ 391,425</u>
		Capital Projects Fund	
		Transfer to General Fund	<u>(133,523)</u>
		Net Total Transfer	<u>\$ (133,523)</u>

General Fund

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

Transfer to: Funds were transferred to the Hartsville Public Facility Corporation for debt related expenditures.

Hospitality Fund

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

Transfer to: Funds were transferred to the General Fund and other funds from the Hospitality fund for tourism-related expenditures.

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 16. Inter-fund Transfers (continued)

Stormwater Fund:

Transfer from: Funds were transferred from the Proprietary fund for Expenditures related to Stormwater operations.

Accommodations Fund

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

Proprietary Fund

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

Transfer from: Funds were transferred from the HPFC for debt expenses.

Hartsville Public Facilities Corporation

Transfer to: Funds were transferred to other funds for debt related payments made from issuance of Revenue Bond.

Transfer form: Funds were transferred from other funds to cover debt payments for each fund.

Note 17. Operating Lease Commitments

The City has an operating lease on ten properties, of which four are leased to Nonprofit organizations for a \$1. Two of the leases are three-year leases expiring in 2022 and the other leases are one-year terms. Either party may terminate the rental agreement at any time. Rent is payable on the first day of the month and varies based on each property. Rental income amounted to \$28,950 for the fiscal ended June 30, 2021.

The City leases space atop its water towers to three communications companies. Each lease is cancelable by either party. The City receives annual payments from the companies. Each lease provides for yearly increases of the lease payments ranging from three to five percent depending upon the lease. Lease income for the year ended June 30, 2021, totaled \$168,035.

Note 18. Fee in Lieu Agreements

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 18. Fee in Lieu Agreements (continued)

in South Carolina. This innovative solution is the primary recruitment tool used by county and city governments in South Carolina to recruit new industry and to encourage our existing industries to remain in operation in the City of Hartsville.

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

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

The FILOT program resulted in property tax abated of \$212,786.

According to Darlington County, capital investment committed to the existing FILOT agreements was \$95,000,000. This investment resulted in FILOT payments of \$78,336 to the City of Hartsville for the tax year 2020.

Note 19. Pending Implementation of GASB Statements

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 87, Leases will be effective for fiscal year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Note 20. Subsequent Events

The City of Hartsville has evaluated subsequent events through October 29, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GENERAL FUND

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget	Adjusted Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Taxes	\$ 2,665,000	\$ 2,665,000	\$ 2,500,188	\$ (164,812)
Vehicle Taxes	255,000	255,000	346,220	91,220
PILOT Taxes	250,000	250,000	408,770	158,770
Accommodations Tax	100,000	100,000	114,182	14,182
Merchant Inventory Tax	45,000	45,000	56,667	11,667
Local Option Sales Tax	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,627,881</u>	<u>547,881</u>
Total Taxes	<u>4,395,000</u>	<u>4,395,000</u>	<u>5,053,908</u>	<u>658,908</u>
Licenses, Fees and Permits				
Franchise Fees	725,000	725,000	688,968	(36,032)
Business License Fees	1,642,500	1,642,500	2,134,490	491,990
Telecommunications Fees	40,000	40,000	34,328	(5,672)
Permits	145,350	145,350	204,022	58,672
Fire	20,000	20,000	16,173	(3,827)
Recreation	<u>20,200</u>	<u>20,200</u>	<u>9,753</u>	<u>(10,447)</u>
Total Licenses, Fees and Permits	<u>2,593,050</u>	<u>2,593,050</u>	<u>3,087,734</u>	<u>494,684</u>
Intergovernmental Revenue				
Local Government Funds	<u>193,284</u>	<u>193,284</u>	<u>187,608</u>	<u>(5,676)</u>
Total Intergovernmental Revenue	<u>193,284</u>	<u>193,284</u>	<u>187,608</u>	<u>(5,676)</u>
Charges for Services				
Solid Waste	<u>1,404,282</u>	<u>1,404,282</u>	<u>1,411,481</u>	<u>7,199</u>
Total Charges for Services	<u>1,404,282</u>	<u>1,404,282</u>	<u>1,411,481</u>	<u>7,199</u>
Fines and Forfeitures				
Police	100,000	100,000	54,424	(45,576)
Victim's Rights	<u>-</u>	<u>-</u>	<u>(4,441)</u>	<u>(4,441)</u>
Total Fines and Forfeitures	<u>100,000</u>	<u>100,000</u>	<u>49,983</u>	<u>(50,017)</u>
Miscellaneous				
School Resource Officer	227,500	227,500	280,027	52,527
Fire Contracts	580,000	580,000	639,513	59,513
Recreation Program Income	2,500	2,500	1,368	(1,132)
Cemetery	60,000	60,000	86,340	26,340
Rent Income	31,200	31,200	33,300	2,100
Other	141,900	141,900	157,013	15,113
Interest Income	<u>-</u>	<u>-</u>	<u>5,288</u>	<u>5,288</u>
Total Miscellaneous	<u>1,043,100</u>	<u>1,043,100</u>	<u>1,202,849</u>	<u>159,749</u>
Total Revenues	<u>9,728,716</u>	<u>9,728,716</u>	<u>10,993,563</u>	<u>1,264,847</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)

Expenditures

General Government	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Advertisement	\$ 4,300	\$ 4,300	\$ 1,948	\$ 2,352
Banking Fees	50,400	50,400	83,816	(33,416)
Computer Expenses	65,000	65,000	60,391	4,609
Contract Services	452,800	452,800	617,738	(164,938)
Demolition	20,000	20,000	10,657	9,343
Dues and Subscriptions	19,005	19,005	14,384	4,621
Employee Benefits	173,403	173,403	150,728	22,675
Grant Expenditures	80,000	80,000	49,070	30,930
Insurance	335,803	335,803	400,228	(64,425)
Legal and Professional Fees	113,000	113,000	115,229	(2,229)
Miscellaneous	182,325	182,325	171,886	10,439
Office Supplies	13,700	13,700	22,137	(8,437)
Payroll Taxes	77,737	77,737	78,289	(552)
Postage	2,800	2,800	3,779	(979)
Repairs and Maintenance	48,500	48,500	54,028	(5,528)
Salaries	1,016,814	1,016,814	1,031,321	(14,507)
Telephone	6,500	6,500	6,410	90
Training	21,240	21,240	14,276	6,964
Utilities	315,600	315,600	339,894	(24,294)
Vehicle Expense	12,200	12,200	13,805	(1,605)
Total General Government	<u>3,011,127</u>	<u>3,011,127</u>	<u>3,240,014</u>	<u>(228,887)</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)

Public Safety

Police	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Boarding Prisoners	\$ 9,000	\$ 9,000	\$ 25,775	\$ (16,775)
Contracted Services	69,650	69,650	56,129	13,521
Dues and Subscriptions	2,950	2,950	2,640	310
Employee Benefits	367,517	367,517	314,048	53,469
Insurance	468,862	468,862	433,617	35,245
Legal and Professional	16,245	16,245	11,767	4,478
Miscellaneous	22,000	22,000	13,551	8,449
Office Supplies	12,000	12,000	9,784	2,216
Payroll Taxes	143,021	143,021	140,447	2,574
Postage	1,550	1,550	135	1,415
Repairs and Maintenance	50,500	50,500	50,692	(192)
Salaries	1,966,400	1,966,400	1,993,880	(27,480)
Supplies	2,000	2,000	1,130	870
Telephone	20,534	20,534	23,707	(3,173)
Training	23,700	23,700	25,913	(2,213)
Uniforms	20,700	20,700	5,309	15,391
Utilities	18,000	18,000	21,308	(3,308)
Vehicle Expense	132,700	132,700	146,993	(14,293)
911 E Contract	76,500	76,500	73,230	3,270
Police Total	<u>3,423,829</u>	<u>3,423,829</u>	<u>3,350,055</u>	<u>73,774</u>
Fire				
Contract Services	63,600	63,600	61,435	2,165
Dues and Subscriptions	1,400	1,400	1,310	90
Employee Benefits	135,055	135,055	128,907	6,148
Insurance	150,093	150,093	144,293	5,800
Legal and Professional	10,450	10,450	7,557	2,893
Office Supplies	2,500	2,500	1,804	696
Payroll Taxes	58,307	58,307	61,440	(3,133)
Postage	300	300	364	(64)
Miscellaneous	1,500	1,500	868	632
Repairs and Maintenance	50,600	50,600	48,954	1,646
Salaries	762,200	762,200	776,027	(13,827)
Supplies	9,850	9,850	8,040	1,810
Telephone	16,080	16,080	14,053	2,027
Training	17,800	17,800	10,953	6,847
Uniforms	15,800	15,800	16,160	(360)
Utilities	22,200	22,200	20,637	1,563
Vehicle Expense	65,000	65,000	60,185	4,815
911 E Contract	11,367	11,367	11,367	-
Fire Total	<u>1,394,102</u>	<u>1,394,102</u>	<u>1,374,354</u>	<u>19,748</u>
Total Public Safety	<u>4,817,931</u>	<u>4,817,931</u>	<u>4,724,409</u>	<u>93,522</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)

Culture and Recreation	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Advertisement	\$ 500	\$ 500	\$ -	\$ 500
Contract Services	66,000	66,000	47,255	18,745
Dues and Subscriptions	1,000	1,000	254	746
Employee Benefits	38,760	38,760	37,153	1,607
Insurance	54,006	54,006	53,778	228
Legal and Professional	1,000	1,000	-	1,000
Miscellaneous	3,000	3,000	3,053	(53)
Office Supplies	2,500	2,500	1,196	1,304
Payroll Taxes	18,043	18,043	31,975	(13,932)
Postage	200	200	50	150
Repairs and Maintenance	69,500	69,500	72,595	(3,095)
Salaries	235,860	235,860	232,723	3,137
Telephone	8,000	8,000	6,381	1,619
Training	3,000	3,000	114	2,886
Utilities	120,000	120,000	147,020	(27,020)
Vehicle Expense	12,000	12,000	8,835	3,165
Supplies	9,400	9,400	5,231	4,169
Uniforms	6,100	6,100	2,735	3,365
Small Tools and Equipment	12,500	12,500	12,006	494
Total Culture and Recreation	<u>661,369</u>	<u>661,369</u>	<u>662,354</u>	<u>(985)</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)**

Cemetery	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Building Maintenance	\$ 2,000	\$ 2,000	\$ 2,676	\$ (676)
Contract Services	86,400	86,400	98,400	(12,000)
Miscellaneous	15,750	15,750	31,950	(16,200)
Telephone	<u>250</u>	<u>250</u>	<u>247</u>	<u>3</u>
Total Cemetery	<u>104,400</u>	<u>104,400</u>	<u>133,273</u>	<u>(28,873)</u>
 Airport				
Contract Services	55,500	55,500	37,992	17,508
Insurance	2,250	2,250	2,380	(130)
Repairs and Maintenance	8,000	8,000	22,040	(14,040)
Telephone	600	600	563	37
Utilities	<u>4,400</u>	<u>4,400</u>	<u>9,271</u>	<u>(4,871)</u>
Total Airport	<u>70,750</u>	<u>70,750</u>	<u>72,246</u>	<u>(1,496)</u>

CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)

Public Works	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Bad Debt Expense	\$ -	\$ -	\$ 17,561	\$ (17,561)
Contract Services	73,000	73,000	166,719	(93,719)
County Tipping Fee	140,000	140,000	107,371	32,629
Dues and Subscriptions	1,250	1,250	165	1,085
Employee Benefits	155,604	155,604	123,450	32,154
Insurance	330,220	330,220	237,747	92,473
Legal and Professional	4,240	4,240	3,517	723
Miscellaneous	10,000	10,000	4,761	5,239
Office Supplies	2,500	2,500	2,664	(164)
Payroll Taxes	72,598	72,598	60,799	11,799
Postage	200	200	195	5
Repairs and Maintenance	122,800	122,800	153,767	(30,967)
Salaries	948,993	948,993	826,053	122,940
Small Equipment and Tools	22,000	22,000	17,657	4,343
Supplies	41,300	41,300	42,112	(812)
Telephone	4,000	4,000	3,869	131
Training	2,500	2,500	956	1,544
Vehicle Expense	180,080	180,080	236,079	(55,999)
Uniforms	31,400	31,400	20,654	10,746
Utilities	14,800	14,800	25,810	(11,010)
Total Public Works	<u>2,157,485</u>	<u>2,157,485</u>	<u>2,051,906</u>	<u>105,579</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
(Continued)**

Capital Outlay	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
General Government	\$ 47,400	\$ 47,400	33,038	\$ 14,362
Public Safety	145,200	145,200	133,680	11,520
Culture and Recreation	53,000	53,000	50,044	2,956
Airport	32,000	32,000	38,376	(6,376)
Public Works	<u>21,500</u>	<u>21,500</u>	<u>36,287</u>	<u>(14,787)</u>
Total Capital Outlay	<u>299,100</u>	<u>299,100</u>	<u>291,425</u>	<u>7,675</u>
Debt Service				
Principal	488,463	488,463	1,541,750	(1,053,287)
Interest	<u>36,497</u>	<u>36,497</u>	<u>35,003</u>	<u>1,494</u>
Total Debt Service	<u>524,960</u>	<u>524,960</u>	<u>1,576,753</u>	<u>(1,051,793)</u>
Total Expenditures	<u>11,647,122</u>	<u>11,647,122</u>	<u>12,752,380</u>	<u>(1,105,258)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,918,406)</u>	<u>(1,918,406)</u>	<u>(1,758,817)</u>	<u>2,370,105</u>
Other Financing Sources (Uses)				
Lease Proceeds	97,314	97,314	-	(97,314)
Sale of Capital Assets	5,000	5,000	21,317	16,317
Operating Transfers In	1,825,039	1,825,039	3,523,053	1,698,014
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(25,822)</u>	<u>(25,822)</u>
Total Other Financing Sources (Uses)	<u>1,927,353</u>	<u>1,927,353</u>	<u>3,518,548</u>	<u>1,591,195</u>
Net Change in Fund Balance	<u>\$ 8,947</u>	<u>\$ 8,947</u>	1,759,731	<u>\$ 1,750,784</u>
Fund Balance, Beginning of Year , as restated			<u>1,052,073</u>	
Fund Balance, End of Year			<u>\$ 2,811,804</u>	

**CITY OF HARTSVILLE, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2021**

	Budgeted Amounts		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes	\$ 4,395,000	\$ 4,395,000	\$ 5,053,908	\$ 658,908
Licenses, Fees and Permits	2,593,050	2,593,050	3,087,734	494,684
Intergovernmental	193,284	193,284	187,608	(5,676)
Charges for Services	1,404,282	1,404,282	1,411,481	7,199
Fines and Forfeitures	100,000	100,000	49,983	(50,017)
Miscellaneous	<u>1,043,100</u>	<u>1,043,100</u>	<u>1,202,849</u>	<u>159,749</u>
 Total Revenues	 <u>9,728,716</u>	 <u>9,728,716</u>	 <u>10,993,563</u>	 <u>1,264,847</u>
Expenditures				
Current:				
General Government	3,011,127	3,011,127	3,240,014	(228,887)
Public Safety	4,817,931	4,817,931	4,724,409	93,522
Culture and Recreation	661,369	661,369	662,354	(985)
Cemetery	104,400	104,400	133,273	(28,873)
Airport	70,750	70,750	72,246	(1,496)
Public Works	2,157,485	2,157,485	2,051,906	105,579
Capital Outlay	299,100	299,100	291,425	7,675
Debt Service				
Principal	488,463	488,463	1,541,750	(1,053,287)
Interest	<u>36,497</u>	<u>36,497</u>	<u>35,003</u>	<u>1,494</u>
 Total Expenditures	 <u>11,647,122</u>	 <u>11,647,122</u>	 <u>12,752,380</u>	 <u>(1,105,258)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(1,918,406)</u>	 <u>(1,918,406)</u>	 <u>(1,758,817)</u>	 <u>159,589</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	21,317	16,317
Operating Transfers In	1,825,039	1,825,039	3,523,053	1,698,014
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(25,822)</u>	<u>(25,822)</u>
 Total Other Financing Sources (Uses)	 <u>1,927,353</u>	 <u>1,927,353</u>	 <u>3,518,548</u>	 <u>1,591,195</u>
 Net Change in Fund Balance	 <u>\$ 8,947</u>	 <u>\$ 8,947</u>	 1,759,731	 <u>\$ 1,750,784</u>
 Fund Balance, Beginning of Year, as restated			 <u>1,052,073</u>	
 Fund Balance, End of Year			 <u>\$ 2,811,804</u>	

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCRS							
City's proportion of the net pension liability (asset)	0.022777%	0.029620%	0.028302%	0.028641%	0.028124%	0.029181%	0.027748%
City's proportionate share of the net pension liability (asset)	\$ 7,094,762	\$ 6,762,661	\$ 6,341,508	\$ 6,447,550	\$ 6,007,245	\$ 5,534,317	\$ 4,777,286
City's covered employee payroll	\$ 3,165,973	\$ 3,168,542	\$ 2,276,737	\$ 2,182,324	\$ 2,893,086	\$ 2,664,376	\$ 2,744,291
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.62%	46.85%	35.90%	33.85%	48.16%	48.14%	57.44%
Plan fiduciary net position as a percentage of total pension liability	40.26%	39.06%	38.21%	26.05%	24.27%	20.98%	18.59%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PORS							
City's proportion of the net pension liability (asset)	0.165106%	0.163193%	0.163322%	0.158090%	0.153320%	0.158200%	0.159940%
City's proportionate share of the net pension liability (asset)	\$ 5,475,272	\$ 4,677,021	\$ 4,627,791	\$ 4,331,026	\$ 3,888,822	\$ 3,448,007	\$ 3,061,916
City's covered employee payroll	\$ 2,415,975	\$ 2,762,225	\$ 1,709,266	\$ 1,658,294	\$ 2,125,749	\$ 1,949,412	\$ 1,951,125
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.13%	59.06%	36.93%	38.29%	54.66%	56.54%	63.72%
Plan fiduciary net position as a percentage of total pension liability	31.07%	27.02%	27.88%	17.50%	15.71%	13.07%	11.91%

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 933,299	\$ 938,257	\$ 598,390	\$ 565,230
Contributions in relation to contractually required contribution	<u>933,299</u>	<u>938,257</u>	<u>598,390</u>	<u>565,230</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,939,900	\$ 5,930,767	\$ 5,632,729	\$ 5,113,504
Contributions as a percentage of covered-employee payroll	15.71%	15.82%	10.62%	11.05%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 637,148	\$ 557,759	\$ 548,864	\$ 500,153
Contributions in relation to contractually required contribution	<u>637,148</u>	<u>557,759</u>	<u>548,864</u>	<u>500,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,018,835	\$ 4,613,788	\$ 4,695,416	\$ 4,420,271
Contributions as a percentage of covered-employee payroll	12.70%	12.09%	11.69%	11.31%

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2021**

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost at end of year	\$ 42,903	\$ 46,670	\$ 45,190	\$ 43,756
Interest on the Total OPEB Liability	58,033	56,062	54,597	53,098
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	303	(49,859)	3,731	3,242
Changes of assumptions or other inputs	-	61,938	-	-
Benefit payments*	(73,496)	(73,122)	(72,247)	(64,925)
Net change in Total OPEB Liability	27,743	41,689	31,271	35,171
Total OPEB Liability - beginning	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109	\$ 1,149,938
Total OPEB Liability - ending (a)	\$ 1,285,812	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109
Plan Fiduciary Net Position				
Contributions - employer**	\$ 73,496	\$ 146,798	\$ 140,933	\$ 131,140
Contributions - non-employer	-	-	-	-
Contributions - active member	-	-	-	-
Net investment income	40,104	31,252	9,574	14,246
Benefit Payments*	(73,496)	(73,122)	(72,247)	(64,925)
Administrative expense	-	(4,401)	(4,257)	(9,599)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 40,104	\$ 100,527	\$ 74,003	\$ 70,862
Plan Fiduciary Net Position - beginning	\$ 748,186	\$ 647,659	\$ 573,656	\$ 502,794
Plan Fiduciary Net Position - ending (b)	\$ 788,290	\$ 748,186	\$ 647,659	\$ 573,656
Net OPEB Liability - ending (a) - (b)	\$ 497,522	\$ 509,883	\$ 568,721	\$ 611,453

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

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is complied, the City will present information for those years for which information is available. The Discount rate used for year ended June 30, 2018 was 4.75%.

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability	\$ 1,285,812	\$ 1,258,069	\$ 1,216,380	\$ 1,185,109	\$ 1,149,938
Plan Fiduciary Net Position	<u>788,290</u>	<u>748,186</u>	<u>647,659</u>	<u>573,656</u>	<u>502,794</u>
Net OPEB Liability	\$ 497,522	\$ 509,883	\$ 568,721	\$ 611,453	\$ 647,144
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	61.31%	59.47%	53.24%	48.41%	43.72%
Covered Payroll*	\$ 4,740,563	\$ 4,740,563	\$ 4,369,087	\$ 4,369,087	\$ 4,369,087
Net OPEB Liability as a percentage of covered payroll	10.49%	10.76%	13.02%	13.99%	14.81%

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2021**

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

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2021

Note 1. Budgets and Budgetary Accounting

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

Note 2. Legal Compliance – Budgets

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

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

The general government, culture and recreation, cemetery, airport, and capital outlay have excess expenditures over appropriations in the amount of \$228,887, \$985, \$28,873, \$1,496 and \$10,469.

SPECIAL REVENUE FUNDS

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

Hospitality Tax Fund

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

Special Revenue Fund

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

Infrastructure Park Fund

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

Accommodations Tax Fund

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

Special Projects Fund

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

Narcotics Fund

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

Hartsville Public Development Corporation

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
HOSPITALITY TAX FUND
BALANCE SHEET
June 30, 2021**

Assets

Restricted Cash \$ 473,740

Total Assets **\$ 473,740**

Liabilities and Fund Balance

Due to General Fund \$ 25,000

Total Liabilities **25,000**

Fund Balance

Restricted for Culture, Recreation and Tourism \$ 448,740

Total Liabilities and Fund Balance **\$ 473,740**

**CITY OF HARTSVILLE, SOUTH CAROLINA
HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Other Taxes	\$ <u>1,021,679</u>
Total Revenues	<u>1,021,679</u>

Expenditures

Economic Development	128,166
Debt Services	
Principal	798,080
Interest	<u>6,564</u>
Total Expenditures	<u>971,593</u>

Excess of Revenues Over Expenditures	<u>50,086</u>
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Other Financing Sources (Uses)

Transfer from Accommodations Fund	92,500
Transfer from Hartsville Public Facilities Corp	804,644
Transfer to Hospitality Bond	(18,981)
Transfer to General Fund	<u>(928,249)</u>
Total Other Financing Sources (Uses)	<u>(50,086)</u>

Net Change in Fund Balance -

Restricted Fund Balance, Beginning of Year	<u>448,740</u>
Restricted Fund Balance, End of Year	<u><u>\$ 448,740</u></u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2021**

Assets

Cash	\$ 51,618
Accounts Receivable	94,545
Due from Other Funds	<u>9,543</u>
Total Assets	<u>\$ 155,706</u>

Liabilities and Fund Balance

Accounts Payable	\$ 42,671
Due to Other Funds	<u>495,093</u>
Total Liabilities	<u>537,764</u>
Fund Balance	
Restricted for Community Development	<u>(382,058)</u>
Total Liabilities and Fund Balance	<u>\$ 155,706</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Grant Proceeds	\$ <u>1,762,884</u>
Total Revenues	<u>1,762,884</u>

Expenditures

Capital Outlay	
Public Safety	51,469
Community Development	<u>1,315,778</u>
Total Expenditures	<u>1,367,247</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>395,637</u>

Other Financing Sources (Uses)

Transfer to Water and Sewer	<u>(808,099)</u>
Total Other Financing Sources	<u>(808,099)</u>

Net Change in Fund Balance (412,462)

Restricted Fund Balance, Beginning of Year, Restated 30,404

Restricted Fund Balance, End of Year \$ (382,058)

CITY OF HARTSVILLE, SOUTH CAROLINA
VICTIM'S ASSISTANCE
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
For the Fiscal Year Ended June 30, 2021

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court Fines and Assessments Collected	\$ -	\$ -	\$ 83,489	\$ 83,489
Court Fines and Assessments Remitted to State Treasurer	-	-	(40,650)	(40,650)
Total Court Fines and Assessments Retained	-	-	42,839	42,839
Surcharges and Assessments Retained for Victim Services:				
Surcharges Collected and Retained	-	-	20,447	20,447
Assessments Retained	-	-	(2,926)	(2,926)
Total Surcharges and Assessments Retained for Victim Services	-	-	17,521	17,521
FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)				
<u>VICTIM SERVICE FUNDS COLLECTED</u>		Municipal	County	Total
Carryforward from Previous Year - Beginning Balance		-	-	-
Victim Service Revenue:				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		7,757	-	7,757
Grant Funds Received				
Grant From:		-	-	-
General Funds Transferred to Victim Service Fund				
(1) Town of		-	-	-
(2) Town of		-	-	-
(3) City of Hartsville		36,377	-	36,377
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)		44,134	-	44,134
Expenditures for Victim Service Program:		Municipal	County	Total
Salaries and Benefits		34,341	-	34,341
Operating Expenditures		9,793	-	9,793
Victim Service Contract(s):				
(1) Chester County		-	-	-
(2) Entity's Name		-	-	-
Victim Service Donation(s):				
(1) Domestic Violence Shelter: Safe Passage Inc.		-	-	-
(2) Rape Crisis Center:		-	-	-
(3) Other Local Direct Crime Victims Service Agency:		-	-	-
Transferred to General Fund		-	-	-
Total Expenditures From Victim Service Fund/Program (B)		44,134	-	44,134
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)		-	-	-
Less: Prior Year Fund Deficit Repayment		-	-	-
Carryforward Funds - End of Year		-	-	-

**CITY OF HARTSVILLE, SOUTH CAROLINA
INFRASTRUCTURE PARK FUND
BALANCE SHEET
June 30, 2021**

Assets

Cash	\$ 222,136
Total Assets	<u>\$ 222,136</u>

Liabilities and Fund Balance

Due to Other Funds	\$ 6,056
Total Liabilities	<u>6,056</u>
Fund Balance	
Restricted for Infrastructure Expenditures	<u>216,080</u>
Total Liabilities and Fund Balance	<u>\$ 222,136</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
 INFRASTRUCTURE PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2021**

Revenues

Fee in Lieu	\$ 651,302
Miscellaneous Income	<u>6,500</u>
 Total Revenues	 <u>657,802</u>

Expenditures

Economic Development	7,515
Capital Outlay	87,847
Debt Service	
Principal	371,428
Interest	<u>57,489</u>
 Total Expenditures	 <u>524,279</u>

Excess of Revenues Over Expenditures	 <u>133,523</u>
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Net Change in Fund Balance

	-
Restricted Fund Balance, Beginning of Year	<u>216,080</u>
Restricted Fund Balance, End of Year	<u>\$ 216,080</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
ACCOMMODATIONS TAX FUND
BALANCE SHEET
June 30, 2021**

Assets

Cash \$ 151,059

Total Assets **\$ 151,059**

Liabilities and Fund Balance

Fund Balance
Restricted for Tourism Expenditures \$ 151,059

Total Liabilities and Fund Balance **\$ 151,059**

**CITY OF HARTSVILLE, SOUTH CAROLINA
 ACCOMMODATIONS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2021**

Revenues

Other Taxes	\$ <u>151,621</u>
Total Revenues	<u>151,621</u>

Expenditures

Economic Development	<u>5,480</u>
Total Expenditures	<u>5,480</u>

Excess of Revenues Over Expenditures	<u>146,141</u>
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Other Financing Sources (Uses)

Transfer To Hospitality Fund	(92,500)
Transfer To General Fund	<u>(53,641)</u>
Total Other Financing Sources (Uses)	<u>(146,141)</u>

Net Change in Fund Balance	-
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Restricted Fund Balance, Beginning of Year	<u>151,059</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 151,059</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL PROJECTS FUND
BALANCE SHEET
June 30, 2021**

Assets

Cash	\$ 620,883
Total Assets	<u>\$ 620,883</u>

Liabilities and Fund Balance

Accounts Payable	\$ 77
Deposits	865
Due to Other Funds	<u>3,425</u>
Total Liabilities	<u>4,367</u>
Fund Balance	
Restricted for Special Projects	<u>616,516</u>
Total Liabilities and Fund Balance	<u>\$ 620,883</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Donations	\$ <u>424,796</u>
Total Revenues	<u>424,796</u>

Expenditures

Economic Development	<u>245,116</u>
Total Expenditures	<u>245,116</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>179,680</u>
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Net Change in Fund Balance	179,680
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Restricted Fund Balance, Beginning of Year - Restated	<u>436,836</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 616,516</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
NARCOTICS FUND
BALANCE SHEET
June 30, 2021**

Assets

Cash	\$ <u>76,384</u>
Total Assets	\$ <u>76,384</u>

Liabilities and Fund Balance

Due to Other Funds	\$ <u>-</u>
Total Liabilities	<u>-</u>
Fund Balance	
Restricted for Public Services	<u>76,384</u>
Total Liabilities and Fund Balance	\$ <u>76,384</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
NARCOTICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Miscellaneous Income	<u>\$ 46,337</u>
Total Revenues	<u>46,337</u>

Expenditures

Police Safety	<u>24,855</u>
Total Expenditures	<u>24,855</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>21,482</u>
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Net Change in Fund Balance	21,482
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Restricted Fund Balance, Beginning of Year	<u>54,902</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 76,384</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
NARCOTICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Assets

Cash	\$ 32,530
	<u>32,530</u>
Total Assets	\$ 32,530

Liabilities and Fund Balance

Due to Other Funds	\$ 6,321
	<u>6,321</u>
Total Liabilities	6,321
Fund Balance	
Restricted for Capital Projects	<u>26,209</u>
Total Liabilities and Fund Balance	\$ 32,530

**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC DEVELOPMENT CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Miscellaneous Income	\$ <u>698</u>
Total Revenues	<u>698</u>

Expenditures

Capital Projects	<u>111,860</u>
Total Expenditures	<u>111,860</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>(111,162)</u>
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Other Financing Sources (Uses)

Loan Proceeds	100,000
Transfer from General Fund	<u>4,316</u>
Total Other Financing Sources (Uses)	<u>104,316</u>

Net Change in Fund Balance	(6,846)
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Restricted Fund Balance, Beginning of Year	<u>33,055</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 26,209</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC DEVELOPMENT CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Assets

Cash	\$ <u>519,457</u>
Total Assets	\$ <u>519,457</u>

Liabilities and Fund Balance

Fund Balance	
Restricted for Community Development	\$ <u>519,457</u>
Total Liabilities and Fund Balance	\$ <u>519,457</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
COMMUNITY DEVELOPMENT FUND – CANAL DISTRICT
BALANCE SHEET
June 30, 2021**

Revenues

Other Taxes	\$ 256,591
	<u>256,591</u>
Total Revenues	<u>256,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>256,591</u>
Net Change in Fund Balance	256,591
Restricted Fund Balance, Beginning of Year, Restated	<u>262,866</u>
Restricted Fund Balance, End of Year	<u>\$ 519,457</u>

DEBT SERVICE FUND

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

**CITY OF HARTSVILLE, SOUTH CAROLINA
DEBT SERVICE FUND
BALANCE SHEET
For the Fiscal Year Ended June 30, 2021**

Assets

Cash	\$ 135,692
Property Tax Receivable, Net	<u>9,815</u>
Total Assets	<u>\$ 145,507</u>

Liabilities, Deferred Inflows and Fund Balance

Deferred Inflows

Unavailable Revenue - Property Taxes	<u>\$ 7,677</u>
Fund Balance	
Restricted for Debt Service	<u>137,830</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 145,507</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Revenues

Property Taxes	\$ <u>153,745</u>
Total Revenues	<u>153,745</u>

Expenditures

Debt Service	
Principal	412,300
Interest	<u>14,603</u>
Total Expenditures	<u>426,903</u>

Other Financing Sources (Uses)

Transfer from Hartsville Public Development Corp	400,941
Transfer to Hartsville Public Facilities Corp	<u>(9,516)</u>
Total Other Financing Sources (Uses)	<u>391,425</u>

Net Change in Fund Balance	118,267
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Restricted Fund Balance, Beginning of Year	<u>19,563</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 137,830</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA
HARTSVILLE PUBLIC FACILITIES CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

Expenditures

Debt Service	
Interest	69,992
Total Expenditures	69,992

Other Financing Sources (Uses)

Bond Proceeds	3,140,703
Bond Issuance Costs	(175,076)
Transfer from Other Funds	69,990
Transfer to Other Funds	(2,965,625)
Total Other Financing Sources (Uses)	69,992

Net Change in Fund Balance

Restricted Fund Balance, Beginning of Year	-
Restricted Fund Balance, End of Year	\$ -

ENTERPRISE FUNDS

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

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

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

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

CITY OF HARTSVILLE, SOUTH CAROLINA
ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
ENTERPRISE FUNDS - BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2021

	Adjusted Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Service Charges	\$ 4,315,066	\$ 4,694,218	\$ 379,152
Taps	20,000	37,259	17,259
Penalties	90,000	112,318	22,318
Other Fees and Charges	60,000	78,891	18,891
Water Park	1,706,100	1,227,134	(478,966)
Concessions	74,700	70,026	(4,674)
Miscellaneous	133,368	3,620	(129,748)
Tower Leases	150,000	168,036	18,036
	<u>6,549,234</u>	<u>6,391,502</u>	<u>(157,732)</u>
Operating Expenses			
Advertising	80,000	60,103	19,897
Bad Debt Recovery	-	(16,827)	16,827
Contract Services	1,114,908	1,081,604	33,304
Depreciation	750,278	1,459,042	(708,764)
Dues and Subscriptions	2,000	1,959	41
Employee Benefits	168,704	274,078	(105,374)
Equipment	-	72	(72)
Food	156,000	119,312	36,688
Grant Match	-	232,042	(232,042)
Insurance	291,119	296,761	(5,642)
Legal and Professional	191,000	149,490	41,510
Miscellaneous	10,000	11,368	(1,368)
Office Supplies	11,000	11,599	(599)
Payroll Taxes	71,570	85,155	(13,585)
Postage	16,500	19,560	(3,060)
Repairs and Maintenance	167,000	138,339	28,661
Salaries	809,572	796,588	12,984
Supplies	266,500	239,211	27,289
System Repairs and Maintenance	285,000	466,661	(181,661)
Telephone	12,300	16,050	(3,750)
Training	10,000	5,323	4,677
Uniforms	29,200	24,351	4,849
Utilities	82,000	93,325	(11,325)
Vehicle Expense	63,200	54,896	8,304
Water Testing Fees	30,000	21,404	8,596
	<u>4,617,851</u>	<u>5,641,466</u>	<u>(1,023,615)</u>
Operating Income (Loss)	<u>1,931,383</u>	<u>750,036</u>	<u>(1,181,347)</u>
Non-Operating Income (Expense)			
Investment Income	27,000	266	(26,734)
Interest Expense	(634,786)	(580,678)	54,108
	<u>(607,786)</u>	<u>(580,412)</u>	<u>27,374</u>
Income (Loss) Before Contributions and Transfers	<u>1,323,597</u>	<u>169,624</u>	<u>(1,153,973)</u>
Operating Transfers In	125,973	1,445,323	1,319,350
Operating Transfers (Out)	(1,330,973)	(1,304,809)	26,164
Change in Net Position	118,597	310,138	191,541
Net Position, Beginning of Year as restated	<u>17,311,553</u>	<u>17,311,553</u>	<u>-</u>
Net Position, End of Year	<u>\$ 17,430,150</u>	<u>\$ 17,621,691</u>	<u>\$ 191,541</u>

COMPLIANCE SECTION

CITY OF HARTSVILLE, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Passed through SC Emergency Management Division:			
Hazard Mitigation Grant	97.039	SC Emergency Management Division, 4286-DR-SC	\$ 184,516
Hazard Mitigation Grant	97.039	SC Emergency Management Division, 4286-0021-R	<u>232,799</u>
Total U.S. Department of Homeland Security			<u>417,315</u>
U.S. Department of Transportation Federal Aviation Administration			
Direct Program:			
Airport Improvement Program	20.106		* <u>1,040,084</u>
<i>Total U.S. Department of Transportation</i>			<u>1,040,084</u>
Total Expenditures of Federal Awards			<u>\$ 1,457,399</u>

* Tested as Major Program

CITY OF HARTSVILLE, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

- Note 1. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Hartsville for the year ended June 30, 2021. All federal awards received directly from federal agencies as well as those passed through other government agencies are included on the Schedule.
- Note 2. The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in the notes to the City's basic financial statements.
- Note 3. Federal award expenditures are reported in the County's basic financial statements as expenditures in the Special Revenue Funds.
- Note 4. Difference between the amount of revenue from federal awards and the related expenditures are recognized as either deferred revenue or receivables in the basic financial statements. The amounts recorded on the Schedule of Expenditures of Federal Awards agree with the amounts recorded in the basic financial statements.

October 29, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartsville, South Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Hartsville, South Carolina's basic financial statements and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Sheheen, Hancock & Godwin, LLP

Sheheen, Hancock & Godwin, LLP
Camden, South Carolina

October 29, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Hartsville, South Carolina compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of City of Hartsville, South Carolina major federal programs for the year ended June 30, 2021. City of Hartsville, South Carolina major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Hartsville, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Sheheen, Hancock and Godwin, LLP
Camden, South Carolina

CITY OF HARTSVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

A. SUMMARY OF RESULTS

1. The financial statement opinion is unmodified.
2. No significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements.
3. The audit disclosed no instances of noncompliance to the financial statements for City of Hartsville, South Carolina.
4. No material weaknesses in internal control over major programs were disclosed by the audit. No significant deficiencies in internal control over major programs were disclosed by the audit.
5. We have issued an unqualified report on compliance for major programs.
6. The audit disclosed no audit findings.
7. Major programs are as follows:

U. S. Department of Transportation:
Airport Improvement Grant – CFDA 20.106
8. Type A programs are those exceeding \$750,000. Type B programs are those not exceeding \$750,000.
9. City of Hartsville, South Carolina did qualify as a low-risk auditee.

CITY OF HARTSVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021
(continued)

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

C. FINDINGS RELATED TO FEDERAL AWARDS

NONE

**CITY OF HARTSVILLE, SOUTH CAROLINA
SUMMARY OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE