

**CITY OF HARTSVILLE  
HARTSVILLE, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2022**

**CITY OF HARTSVILLE, SOUTH CAROLINA  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2022**

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MAYOR  
Casey Hancock

MAYOR PRO-TEM  
Johnny L. Andrews - District 4

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

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

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December 21, 2022

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hartsville, South Carolina, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Change in Accounting Principle

As described in Note 19 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our Opinion is not modified with respect to this matter

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

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

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

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

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

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 4-11 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartsville, South Carolina’s basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the City of Hartsville, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hartsville, South Carolina’s internal control over financial reporting and compliance.



Sheheen, Hancock and Godwin, LLP  
Camden, South Carolina

**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022**

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, 2022. 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 \$28,604,737 at the close of the 2022 fiscal year. Of this amount, \$10,536,818 may be used to meet City government's ongoing obligations to citizens and creditors.
- Revenues and other financing sources (uses) totaled \$16,221,222 and expenditures totaled \$14,439,283 for all governmental funds at the fund level. Included in that expenditure total is \$1,739,528 in capital outlay projects. Accordingly, revenues exceeded expenditures and other financing sources by \$1,781,939.
- As of the close of fiscal year 2022, the City of Hartsville's governmental funds reported combined ending fund balances of \$6,403,960. Approximately 58 percent of this amount, \$3,730,045 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 \$18,067,919 an increase of approximately 2.5 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, 2022  
(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, 2022  
(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 \$28,604,737 at the close of the most recent fiscal year. Net position is reported in three categories: net investment in capital assets of \$27,297,396, restricted net position of \$2,964,197, and unrestricted net position of \$(1,656,856). The City's combined net position increased by \$1,792,039 between fiscal years 2021 and 2022. (See Table A-1)

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

**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(Continued)**

Table A-1

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>Assets</b>						
Current and Other Assets	\$ 6,197,759	\$ 9,192,840	\$ 4,815,083	\$ 6,393,736	\$ 11,012,842	\$ 15,586,576
Capital Assets	<u>20,746,125</u>	<u>20,198,143</u>	<u>29,611,455</u>	<u>28,995,376</u>	<u>50,357,580</u>	<u>49,193,519</u>
Total Assets	<u>26,943,884</u>	<u>29,390,983</u>	<u>34,426,538</u>	<u>35,389,112</u>	<u>61,370,422</u>	<u>64,780,095</u>
<b>Deferred Outflows</b>						
OPEB Cost	58,776	93,045	-	-	58,776	93,045
Pension Cost	<u>2,190,740</u>	<u>1,752,946</u>	<u>330,824</u>	<u>274,986</u>	<u>2,521,564</u>	<u>2,027,932</u>
Total Deferred Outflows	<u>2,249,516</u>	<u>1,845,991</u>	<u>330,824</u>	<u>274,986</u>	<u>2,580,340</u>	<u>2,120,977</u>
<b>Liabilities</b>						
Current Liabilities	2,060,406	1,939,947	1,293,513	1,029,526	3,353,919	2,969,473
Non-Current Liabilities	<u>17,413,326</u>	<u>15,228,716</u>	<u>15,735,326</u>	<u>15,981,716</u>	<u>33,148,652</u>	<u>31,210,432</u>
Total Liabilities	<u>19,473,732</u>	<u>17,168,663</u>	<u>17,028,839</u>	<u>17,011,242</u>	<u>36,502,571</u>	<u>34,179,905</u>
<b>Deferred Inflows</b>						
Revenue	<u>528,661</u>	<u>3,435,995</u>	<u>106,832</u>	<u>368,525</u>	<u>635,493</u>	<u>3,804,520</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	14,198,846	13,737,017	15,450,833	13,560,379	29,649,679	27,297,396
Restricted For:						
Economic Development	379,688	715,512	-	-	379,688	715,512
Culture and Recreation	599,799	917,782	-	-	599,799	917,782
Public Safety	76,384	83,131	-	-	76,384	83,131
Debt Service	137,830	229,023	1,112,884	1,018,749	1,250,714	1,247,772
Construction Fund	-	-	-	-	-	-
Unrestricted	<u>(6,201,540)</u>	<u>(5,050,149)</u>	<u>1,057,974</u>	<u>3,705,203</u>	<u>(5,143,566)</u>	<u>(1,344,946)</u>
Total Net Position	<u>\$ 9,191,007</u>	<u>\$ 10,632,316</u>	<u>\$ 17,621,691</u>	<u>\$ 18,284,331</u>	<u>\$ 26,812,698</u>	<u>\$ 28,916,647</u>

**Changes in net position:**

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

**Governmental Activities**

Revenues for the City's governmental activities increased by \$612,669, while total expenditures increased by \$594,403.

**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 \$6,513,215 were more than the total expenses of \$6,066,987, yielding a positive change in net position of \$446,228 for fiscal year 2022. Since the water,

**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(Continued)**

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 \$725,000 in principal payments and \$868,450 in capital expenses for all four utilities.

Table A-2  
City of Hartsville Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>Revenues</b>						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 4,633,788	\$ 4,766,198	\$ 6,221,485	\$ 6,995,976	\$ 10,855,273	\$ 11,762,174
Operating Grants	425,495	321,326	-	-	425,495	321,326
Capital Grants	1,464,335	1,121,856	-	-	1,464,335	1,121,856
General Revenues:						
Property Taxes	7,899,885	8,208,242	-	-	7,899,885	8,208,242
Miscellaneous	437,358	437,820	170,017	106,568	607,375	544,388
Unrestricted Investment Earnings	5,290	497	266	528	5,556	1,025
Intergovernmental Revenues	187,608	168,693	-	-	187,608	168,693
Gain (Loss) on Disposition of Capital Assets	(41,590)	(34,667)	-	-	(41,590)	(34,667)
Transfers	(140,514)	589,857	140,514	(589,857)	-	-
Total Revenues	<u>14,871,655</u>	<u>15,579,822</u>	<u>6,532,282</u>	<u>6,513,215</u>	<u>21,403,937</u>	<u>22,093,037</u>
<b>Expenses</b>						
General Government	3,803,151	4,165,553	-	-	3,803,151	4,165,553
Public Safety	5,683,102	5,680,819	-	-	5,683,102	5,680,819
Public Works	2,293,986	2,340,507	-	-	2,293,986	2,340,507
Economic Development	680,572	888,616	-	-	680,572	888,616
Culture and Recreation	740,428	744,449	-	-	740,428	744,449
Airport	80,796	93,082	-	-	80,796	93,082
Cemetery	148,998	141,992	-	-	148,998	141,992
Interest on Long-Term Debt	113,077	83,495	-	-	113,077	83,495
Capital Outlay	-	-	-	-	-	-
Enterprise Funds:						
Water and Sewer	-	-	6,062,568	5,885,787	6,062,568	5,885,787
Other Proprietary Funds	-	-	159,576	181,200	159,576	181,200
Total Expenses	<u>13,544,110</u>	<u>14,138,513</u>	<u>6,222,144</u>	<u>6,066,987</u>	<u>19,766,254</u>	<u>20,205,500</u>
Change in Net Position	1,327,545	1,441,309	310,138	446,228	1,637,683	1,887,537
<b>Net Position, Beginning of Year, Restated</b>	<u>7,863,462</u>	<u>9,191,007</u>	<u>17,311,553</u>	<u>17,838,103</u>	<u>25,175,015</u>	<u>27,029,110</u>
<b>Net Position, End of Year</b>	<u>\$ 9,191,007</u>	<u>\$ 10,632,316</u>	<u>\$ 17,621,691</u>	<u>\$ 18,284,331</u>	<u>\$ 26,812,698</u>	<u>\$ 28,916,647</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(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 \$6,403,960. In the general fund there was a committed balance of \$92,327, and an unassigned fund balance of \$3,730,045. The remaining fund balance consisted of \$1,945,448 in restricted and \$636,140 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 \$3,705,203 or 20% of total proprietary fund net position in the amount of \$18,284,331. The City's largest component of proprietary fund net position is net investment in capital assets, of \$13,560,379 or 74% 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, 2022, listed below:

Budget Amendments – General Funds

Revenue:	
Accumulated Surplus	\$ 221,486
Expenditures:	
Capital	\$ 221,486

Budget Amendments – Utility Funds

Revenue:	
Lease Proceeds	\$ 275,694
Expenditures:	
Capital	\$ 275,694

**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(Continued)**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of 2022, the City had invested \$49,193,519 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>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Land	\$ 7,683,556	\$ 7,683,556	\$ 145,904	\$ 145,904	\$ 7,829,460	\$ 7,829,460
Construction in Progress	3,777,418	57,301	1,257,521	1,762,017	5,034,939	1,819,318
Buildings and Systems	2,775,968	3,131,903	134,518	424,512	2,910,486	3,556,415
Infrastructure	23,673,985	27,527,074	35,297,139	35,306,822	58,971,124	62,833,896
Machinery and Equipment	9,721,041	10,093,300	3,175,397	2,922,912	12,896,438	13,016,212
Water Park	-	-	9,895,999	9,963,551	9,895,999	9,963,551
Accumulated Depreciation	<u>(26,885,843)</u>	<u>(28,294,991)</u>	<u>(20,295,021)</u>	<u>(21,530,342)</u>	<u>(47,180,864)</u>	<u>(49,825,333)</u>
Total	<u>\$ 20,746,125</u>	<u>\$ 20,198,143</u>	<u>\$ 29,611,457</u>	<u>\$ 28,995,376</u>	<u>\$ 50,357,582</u>	<u>\$ 49,193,519</u>

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

*Government Activities*

Machinery and Vehicles	\$ 552,270
Buildings and Systems	\$ 355,935
Infrastructure	\$ 192,928

*Business-type Activities*

Water Park	\$ 64,277
Infrastructure	\$ 256,370
Building and Systems	\$ 43,307
Generator	\$ 46,850
South Park Sewer	\$ 351,017
Smith Street Well Project	\$ 30,675
BOBO Newsome Sewer Extension	\$ 15,616
Bay Road Water Line Extension	\$ 60,339



**CITY OF HARTSVILLE, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(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 \$22,245,725 in outstanding notes, bonds, capital leases and compensated absences, compared to \$21,587,787 at June 30, 2021, and \$10,197,198 in net pension liability, compared to \$12,570,035 at June 30, 2021. 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 2022 the total debt limitation of assessed values for the City is \$1,938,243 with \$1,400,243 remaining.

Additional information on the City of Hartsville's long-term debt as reported for fiscal year 2022 can be found in Note 8, beginning on page 39 of this report.

**Economic Factors and Next Year's Budgets and Rates**

At June 30, 2022, the unemployment rate for Darlington County was 3.9%. This compares unfavorably with the latest State's unemployment rate of 3.2% and the national rate of 3.6%. These indicators were considered in preparing the City's budget for the 2022 fiscal year.

The City has been very fortunate and due to sound fiscal decisions, did not increase millage for fiscal year 2022. While the City continues to be relatively stable in this improving economy, we have taken a conservative approach to our budget projections for 2022.

In our business-type activities the budget for fiscal year 2022 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, 2022**

	Governmental Activities	Business-type Activities	Total	Component Unit
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,968,983	\$ 3,758,639	\$ 7,727,622	\$ 47,037
Restricted Cash	4,136,268	-	4,136,268	-
Investments	-	-	-	1,117,414
Receivables, Net	1,087,589	2,409,796	3,497,385	-
Inventories	-	225,301	225,301	-
Capital Assets:				
Land	7,683,556	145,904	7,829,460	-
Construction in Progress	57,301	1,762,017	1,819,318	-
Buildings and Systems	3,131,903	424,512	3,556,415	-
Machinery and Equipment	10,093,300	2,922,912	13,016,212	-
Infrastructure	27,527,074	35,306,822	62,833,896	-
Splash Pad / Water Park	-	9,963,551	9,963,551	-
Less: Accumulated Depreciation	(28,294,991)	(21,530,342)	(49,825,333)	-
Total Capital Assets, Net of Depreciation	<u>20,198,143</u>	<u>28,995,376</u>	<u>49,193,519</u>	<u>-</u>
<b>Deferred Outflows of Resources</b>				
Prepaid OPEB Cost	93,045	-	93,045	-
Prepaid Pension Cost	1,752,946	274,986	2,027,932	-
Total Deferred Outflows of Resources	<u>1,845,991</u>	<u>274,986</u>	<u>2,120,977</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>31,236,974</u>	<u>35,664,098</u>	<u>66,901,072</u>	<u>1,164,451</u>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	1,107,655	99,787	1,207,442	-
Accrued Interest Payable	-	46,863	46,863	-
Renters Deposits	(736)	-	(736)	-
Long-Term Liabilities:				
Due Within One Year:				
General Obligation Bonds	12,000	-	12,000	-
Revenue Bonds	683,436	880,000	1,563,436	-
Capital Leases	112,528	-	112,528	-
Compensated Absences	25,064	2,876	27,940	-
Due in More Than One Year:				
Compensated Absences	307,364	40,995	348,359	-
General Obligation Bonds	526,000	-	526,000	-
Revenue Bonds	3,156,670	14,528,300	17,684,970	-
Loan Payable	1,500,000	-	1,500,000	-
Capital Leases	470,492	-	470,492	-
Net OPEB Liability	483,413	-	483,413	-
Net Pension Liability	8,784,777	1,412,421	10,197,198	-
<b>Total Liabilities</b>	<u>17,168,663</u>	<u>17,011,242</u>	<u>34,179,905</u>	<u>-</u>
<b>Deferred Inflows</b>				
Unavailable Revenue - Bond Premium	192,563	-	192,563	-
Unavailable Revenue - OPEB	101,326	-	101,326	-
Unavailable Revenue - Pension	1,768,113	368,525	2,136,638	-
Unavailable Revenue - ARPA	1,373,993	-	1,373,993	-
<b>Total Deferred Inflows of Resources</b>	<u>3,435,995</u>	<u>368,525</u>	<u>3,804,520</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in Capital Assets	13,737,017	13,560,379	27,297,396	-
Restricted for:				
Economic Development	715,512	-	715,512	-
Culture and Recreation	917,782	-	917,782	-
Public Safety	83,131	-	83,131	-
Debt Service	229,023	1,018,749	1,247,772	-
Unrestricted	(5,050,149)	3,705,203	(1,344,946)	1,164,451
<b>Total Net Position</b>	<u>\$ 10,632,316</u>	<u>\$ 18,284,331</u>	<u>\$ 28,916,647</u>	<u>\$ 1,164,451</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, 2022**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
<b>Government Activities</b>							
General Government Administration	\$ 4,165,553	\$ 2,432,432	\$ -	\$ -	\$ (1,733,121)	\$ -	\$ (1,733,121)
Public Safety	5,680,819	770,247	-	-	(4,910,572)	-	(4,910,572)
Public Works	2,340,507	1,463,679	-	-	(876,828)	-	(876,828)
Economic Development	888,616	-	321,326	1,121,856	554,566	-	554,566
Culture and Recreation	744,449	24,130	-	-	(720,319)	-	(720,319)
Airport	93,082	-	-	-	(93,082)	-	(93,082)
Cemetery	141,992	75,710	-	-	(66,282)	-	(66,282)
Interest on Long-Term Debt	83,495	-	-	-	(83,495)	-	(83,495)
<b>Total Governmental Activities</b>	<u>14,138,513</u>	<u>4,766,198</u>	<u>321,326</u>	<u>1,121,856</u>	<u>(7,929,133)</u>	<u>-</u>	<u>(7,929,133)</u>
<b>Business-Type Activities:</b>							
Water & Sewer	5,885,787	6,930,270	-	-	1,044,483	-	1,044,483
Other Proprietary Funds	181,200	65,706	-	-	(115,494)	-	(115,494)
<b>Total Business-Type Activities</b>	<u>6,066,987</u>	<u>6,995,976</u>	<u>-</u>	<u>-</u>	<u>928,989</u>	<u>-</u>	<u>928,989</u>
<b>Total Primary Government</b>	<u>\$ 20,205,500</u>	<u>\$ 11,762,174</u>	<u>\$ 321,326</u>	<u>\$ 1,121,856</u>	<u>(7,929,133)</u>	<u>928,989</u>	<u>(7,000,144)</u>
<b>Component Unit</b>							
Hartsville Museum Foundation, Inc.	\$ 65,164	\$ -	\$ -	\$ 39,701	-	-	(25,463)
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes					2,849,856	-	2,849,856
Other Taxes					3,979,833	-	3,979,833
Franchise Fees					736,215	-	736,215
Payments in Lieu of Taxes					642,338	-	642,338
Unrestricted Investment Earnings					497	528	1,025
Unrealized Gain/(Loss) on Investments					-	-	-
Miscellaneous					437,820	106,568	544,388
Intergovernmental Revenues					168,693	-	168,693
Gain/(Loss) on Disposition of Assets					(34,667)	-	(34,667)
Transfers					589,857	(589,857)	-
<b>Total General Revenues and Transfers</b>					<u>9,370,442</u>	<u>(48,2761)</u>	<u>8,887,681</u>
<b>Change in Net Position</b>					<u>1,441,309</u>	<u>446,228</u>	<u>1,887,537</u>
<b>Net Position, Beginning of Year, Restated</b>					<u>9,191,007</u>	<u>17,838,103</u>	<u>27,029,110</u>
<b>Net Position, End of Year</b>					<u>\$ 10,632,316</u>	<u>\$ 18,284,331</u>	<u>\$ 28,916,647</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, 2022**

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,968,891	\$ -	\$ -	\$ 92	\$ 3,968,983
Receivables:					
Intergovernmental Receivable	475,703	-	-	-	475,703
Sanitation Receivable, Net	361,932	-	-	-	361,932
Property Tax Receivable, Net	237,800	-	-	10,793	248,593
Accounts Receivable, Net	1,361	-	-	-	1,361
Due from Other Funds	3,486	-	-	-	3,486
Restricted Cash	-	765,765	216,080	3,154,423	4,136,268
<b>Total Assets</b>	<b>\$ 5,049,173</b>	<b>\$ 765,765</b>	<b>\$ 216,080</b>	<b>\$ 3,165,308</b>	<b>\$ 9,196,326</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	\$ 927,363	\$ -	\$ -	\$ 180,292	\$ 1,107,655
Compensated Absences	25,064	-	-	-	25,064
Renter Deposit	-	-	-	(736)	(736)
Due to Other Funds	-	-	-	3,483	3,483
<b>Total Liabilities</b>	<b>952,427</b>	<b>-</b>	<b>-</b>	<b>183,039</b>	<b>1,135,466</b>
<b>Deferred Inflows</b>					
Unavailable Revenue - Property Taxes	274,374	-	-	8,533	282,907
Unavailable Revenue - Grants	-	-	-	1,373,993	1,373,993
<b>Total Deferred Inflows</b>	<b>274,374</b>	<b>-</b>	<b>-</b>	<b>1,382,526</b>	<b>1,656,900</b>
<b>Fund Balances</b>					
Restricted for:					
Capital Projects	-	-	216,080	499,432	715,512
Culture, Recreation and Tourism	-	765,765	-	152,017	917,782
Public Safety	-	-	-	83,131	83,131
Debt Service	-	-	-	229,023	229,023
Committed To:					
Cemetery Care	92,327	-	-	-	92,327
Assigned to:					
Donations and Sponsorships	-	-	-	636,140	636,140
Unassigned	3,730,045	-	-	-	3,730,045
<b>Total Fund Balances</b>	<b>3,822,372</b>	<b>765,765</b>	<b>216,080</b>	<b>1,599,743</b>	<b>6,403,960</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 5,049,173</b>	<b>\$ 765,765</b>	<b>\$ 216,080</b>	<b>\$ 3,165,308</b>	<b>\$ 9,196,326</b>

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, 2022**

**Total Fund Balances - Governmental Funds (Exhibit C)** \$ 6,403,960

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 282,904

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$48,493,134 and the accumulated depreciation is \$28,294,991.

20,198,143

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

Deferred outflows of resources related to pensions (from pension schedule) 1,752,946

Deferred outflows of resources related to OPEB 93,045

Deferred inflows of resources related to OPEB (101,326)

Deferred inflows of resources related to pensions (from pension schedule) (1,768,113)

Deferred inflows of resources related to Bond Premiums (192,563)

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 (526,000)

General Obligation Bonds - Current (12,000)

Revenue Bonds (3,156,670)

Revenue Bonds - Current (683,436)

Loan Payable (1,500,000)

Capital Leases (470,492)

Capital Leases - Current (112,528)

Net OPEB Liability (483,413)

Net Pension Liability (8,784,777)

Compensated Absences (307,364)

**Total Net Position Governmental Activities (Exhibit A)** \$ 10,632,316

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, 2022**

	General Fund	Hospitality Tax Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes					
Property Taxes	\$ 2,677,430	\$ -	\$ -	\$ 165,938	\$ 2,843,368
Other Taxes	2,370,340	1,158,034	-	451,460	3,979,834
Fee in Lieu	-	-	642,338	-	642,338
Franchise Fees	736,215	-	-	-	736,215
Licenses, Permits and Fees	2,390,565	-	-	-	2,390,565
Intergovernmental Revenue	168,693	-	-	-	168,693
Charges for Services	1,463,679	-	-	-	1,463,679
Fines and Forfeitures	47,999	-	-	-	47,999
Investment Earnings	405	-	-	-	405
Contributions and Donations	182	-	-	321,144	321,326
Rents	28,450	-	-	-	28,450
Fire Contract	630,981	-	-	-	630,981
Grants	10,191	-	-	1,111,664	1,121,855
Miscellaneous	482,932	-	6,000	57,915	546,847
	<u>11,008,062</u>	<u>1,158,034</u>	<u>648,338</u>	<u>2,108,121</u>	<u>14,922,555</u>
Total Revenues					
<b>Expenditures</b>					
Current					
General Government	3,505,794	-	-	-	3,505,794
Public Safety	4,991,333	-	-	51,168	5,042,501
Public Works	2,079,524	-	-	-	2,079,524
Economic Development	-	124,009	7,232	176,658	307,899
Culture and Recreation	661,465	-	-	-	661,465
Airport	82,749	-	-	-	82,749
Cemetery	126,104	-	-	-	126,104
Capital Outlay	963,572	-	58,895	717,061	1,739,528
Debt Service					
Principal	219,214	73,000	382,273	49,900	724,387
Interest	74,666	23,085	46,644	24,937	169,332
	<u>12,704,421</u>	<u>220,094</u>	<u>495,044</u>	<u>1,019,724</u>	<u>14,439,283</u>
Total Expenditures					
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,696,359)</u>	<u>937,940</u>	<u>153,294</u>	<u>1,088,397</u>	<u>483,272</u>
<b>Other Financing Sources (Uses)</b>					
Bond Issuance Costs				(3,234)	(3,234)
Capital Lease Proceeds	700,000	-	-	-	700,000
Sale of Capital Assets	12,045	-	-	-	12,045
Transfers In	1,998,208	92,500	-	45,889	2,136,597
Transfers Out	(3,326)	(713,415)	(153,294)	(676,706)	(1,546,741)
	<u>2,706,927</u>	<u>(620,915)</u>	<u>(153,294)</u>	<u>(634,051)</u>	<u>1,298,667</u>
Total Other Financing Sources (Uses)					
<b>Net Change in Fund Balances</b>	1,010,568	317,025	-	454,346	1,781,939
<b>Fund Balances, Beginning of Year</b>	<u>2,811,804</u>	<u>448,740</u>	<u>216,080</u>	<u>1,145,397</u>	<u>4,622,021</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,822,372</u>	<u>\$ 765,765</u>	<u>\$ 216,080</u>	<u>\$ 1,599,743</u>	<u>\$ 6,403,960</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, 2022**

<b>Total Net Change In Fund Balances - Governmental Funds (Exhibit E)</b>	<b>\$ 1,781,939</b>
 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 \$1,101,133 is less than depreciation expense of \$1,542,448 in the period.	(441,315)
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.	(106,667)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	669,173
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(700,000)
Bond premium provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	24,070
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	116,980
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.	101,986
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amount earned was less than vacation used by this amount.	(67,939)
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.	77,825
Changes in the City's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	<u>(14,743)</u>
<b>Change in Net Position of Governmental Activities (Exhibit B)</b>	<b><u>\$ 1,441,309</u></b>

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, 2022**

**Assets**

## Current Assets:

Cash and Cash Equivalents	\$ 3,758,639
Accounts Receivable, Net	2,409,796
Inventory	<u>225,301</u>
 Total Current Assets	 <u>6,393,736</u>

## Non-Current Assets:

Land	145,904
Construction in Progress	1,762,017
Capital Assets, Net	<u>27,087,454</u>
 Total Non-Current Assets	 <u>28,995,375</u>

**Deferred Outflows of Resources**

Prepaid Pension Cost	<u>274,986</u>
 <b>Total Assets and Deferred Outflows of Resources</b>	 <u><u>35,664,097</u></u>

**Liabilities**

## Current Liabilities:

Accounts Payable and Accrued Expenses	99,786
Accrued Interest Payable	46,863
Current Portion of Compensated Absences	2,876
Current Portion of Revenue Bonds Payable	<u>880,000</u>
 Total Current Liabilities	 <u>1,029,525</u>

## Long-Term Liabilities:

Compensated Absences	40,995
Net Pension Liability	1,412,421
Revenue Bonds Payable	<u>14,528,300</u>
 <b>Total Liabilities</b>	 <u>17,011,241</u>

**Deferred Inflows of Resources**

Unavailable Revenue - Pension	<u>368,525</u>
-------------------------------	----------------

**Net Position**

Net Investment in Capital Assets	13,560,379
Restricted for Debt Service	1,018,749
Unrestricted	<u>3,705,203</u>
 <b>Total Net Position</b>	 <u>\$ 18,284,331</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, 2022**

	Water, Sewer & Water Park	Other Proprietary Funds	Total Proprietary Funds
<b>Operating Revenues</b>			
Charges for Services			
Water Charges	\$ 2,426,290	\$ 72	\$ 2,426,362
Sewer Charges	2,586,187	-	2,586,187
Taps	11,307	-	11,307
Penalties	103,765	-	103,765
Other Fees and Charges	68,169	-	68,169
Waterpark	1,734,552	-	1,734,552
Concessions	-	64,830	64,830
Miscellaneous	(1,245)	804	(441)
Tower Leases	107,813	-	107,813
	<u>7,036,838</u>	<u>65,706</u>	<u>7,102,544</u>
<b>Total Revenues</b>			
<b>Operating Expenses</b>			
Advertising	15,374	-	15,374
Bad Debt Recovery	4,737	-	4,737
Contract Services	1,190,408	5,352	1,195,760
Depreciation	1,471,322	13,208	1,484,530
Dues and Subscriptions	1,769	-	1,769
Employee Benefits	105,026	7,839	112,865
Equipment	6,337	-	6,337
Food	202,382	-	202,382
Grant Match	28,393	-	28,393
Insurance	330,868	7,695	338,563
Legal and Professional	134,132	-	134,132
Miscellaneous	22,090	-	22,090
Office Supplies	11,402	377	11,779
Payroll Taxes	85,853	5,434	91,287
Postage	19,870	-	19,870
Repairs and Maintenance	197,124	16,514	213,638
Salaries	719,511	79,209	798,720
Supplies	182,457	35,078	217,535
System Repairs and Maintenance	260,037	10,350	270,387
Telephone	26,221	-	26,221
Training	14,697	-	14,697
Uniforms	14,267	144	14,411
Utilities	121,501	-	121,501
Vehicle Expense	76,438	-	76,438
Water Testing Fees	21,396	-	21,396
	<u>5,263,612</u>	<u>181,200</u>	<u>5,444,812</u>
<b>Total Operating Expenses</b>			
<b>Operating Income / (Loss)</b>	<u>1,773,226</u>	<u>(115,494)</u>	<u>1,657,732</u>
<b>Non-Operating Income (Expense)</b>			
Investment Income	528	-	528
Interest Expense	(602,139)	-	(602,139)
Lease Principal Payments	(20,036)	-	(20,036)
	<u>(621,647)</u>	<u>-</u>	<u>(621,647)</u>
<b>Total Non-Operating Income (Expense)</b>			
<b>Income Before Contributions and Transfers</b>	<u>1,151,579</u>	<u>(115,494)</u>	<u>1,036,085</u>
Operating Transfers In	750,143	112,845	862,988
Operating Transfers Out	(1,452,845)	-	(1,452,845)
	<u>(702,702)</u>	<u>112,845</u>	<u>(589,857)</u>
<b>Total Transfers</b>			
<b>Change in Net Position</b>	448,877	(2,649)	446,228
<b>Net Position, Beginning of Year, Restated</b>	<u>17,283,409</u>	<u>554,694</u>	<u>17,838,103</u>
<b>Net Position, End of Year</b>	<u>\$ 17,732,286</u>	<u>\$ 552,045</u>	<u>\$ 18,284,331</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, 2022**

<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 5,544,420
Cash Paid to Suppliers	(3,220,083)
Cash Paid To Employees	<u>(798,720)</u>
Net Cash Provided by Operating Activities	<u>1,525,617</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Operating Transfers Between Funds (net)	(589,857)
(Decrease) in Due to Other Funds	<u>(410,370)</u>
Net Cash (Used) by Non-Capital Financing Activities	<u>(1,000,227)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from Revenue Bond	1,477,300
Purchases of Capital Assets	(652,038)
Principal Paid on Capital Leases	(20,036)
Principal Paid on Capital Debt	(725,000)
Interest Paid on Capital Debt	<u>(602,139)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(521,913)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Income	<u>528</u>
Net Cash Provided by Investing Activities	<u>528</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>4,005</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u><b>3,754,634</b></u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u><b>\$ 3,758,639</b></u></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, 2022  
(Continued)**

**EXHIBIT I  
(Continued)**

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

Operating Income	\$	1,657,732
Adjustments to Reconcile Operating Income to Net Cash Provided		
By Operating Activities:		
Depreciation		1,484,530
(Increase) in Accounts Receivable, Net		(1,558,124)
(Increase) in Inventory		(16,524)
Decrease in Deferred Cost		317,531
(Decrease) in Net Pension Liability		(362,924)
Increase in Accounts and other Payables		<u>3,396</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b><u>1,525,617</u></b>

**RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS**

Current Assets - Cash and Cash Equivalents	\$	<u>3,758,639</u>
Total Cash and Cash Equivalents	\$	<u><u>3,758,639</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, 2022**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 129,830
Accounts Receivable	1,357
Capital Assets, Net	128,723
<b>Total Assets</b>	<b>\$ 259,910</b>
<b>Net Position</b>	
Unrestricted - Other Governments	\$ 259,910
<b>Total Net Position</b>	<b>\$ 259,910</b>

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, 2022**

	<b>Agency Funds</b>
<b>Additions</b>	
Business License Collections - Other Governments	\$ 27,396
Miscellaneous	8,559
<b>Total Additions</b>	35,955
<b>Deductions</b>	
Park Maintenance	19,646
Depreciation	2,931
<b>Total Deductions</b>	22,577
Net Increase (Decrease) in Fiduciary Net Position	13,378
<b>Net Position - Beginning of Year</b>	246,532
<b>Net Position - End of Year</b>	\$ 259,910

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 1. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

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

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

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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, 2022**

**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, 2022**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

***Hartsville Public Development Corporation***

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

***Accommodations Tax Fund***

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

***Infrastructure Park Fund***

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

***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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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 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, 2022**

**Note 1. Summary of Significant Accounting Policies (continued)**

**N. Equity Classifications (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.).
- 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, 2022**

**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, 2022**

**Note 1. Summary of Significant Accounting Policies (continued)**

**U. Leases**

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

**V. Prior Period Adjustments**

**Proprietary Fund**

Net Position, beginning of the year, as previously stated	\$ 17,621,691
Expenses not capitalized in prior year	<u>216,412</u>
Net Position, beginning of the year, as restated	<u>\$ 17,838,103</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, 2022, \$10,974,002 of the City’s bank balance of \$11,782,059, which has a carrying value of \$11,993,720, was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank in the City’s name	<u>\$10,974,002</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 \$1,264,495 as of June 30, 2022.

**Note 4. Property Taxes**

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 4. Property Taxes (continued)**

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

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

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

	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total</b>
Receivables:			
Taxes	\$ 482,595	\$ -	\$ 482,595
Accounts	1,361	2,755,206	2,756,567
Intergovernmental	475,703	-	475,703
Sanitation	597,036	-	597,036
Gross Receivables	1,556,695	2,755,206	4,311,901
Less Allowance for Uncollectible	(469,106)	(345,410)	(814,516)
Net Total Receivables	\$ 1,087,589	\$ 2,409,796	\$ 3,497,385

**Note 5. Inter-fund Receivables and Payables**

Inter-fund balances at June 30, 2022, (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:**

<b>Fund</b>	<b>Receivables</b>	<b>Payables</b>
General Fund	\$ 3,486	\$ -
Special Revenue Funds	-	3,486
<b>Totals</b>	\$ 3,486	\$ 3,486

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, 2022**

**Note 6. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Non-depreciable Assets:					
Land	\$ 7,683,556	\$ -	\$ -	\$ -	\$ 7,683,556
Construction in Progress	3,777,418	57,301	(59,956)	(3,717,462)	57,301
Depreciable Assets					
Building and Systems	2,775,968	355,935	-	-	3,131,903
Infrastructure	23,673,985	135,627	-	3,717,462	27,527,074
Machinery and Equipment	9,721,041	552,270	(180,011)	-	10,093,300
Totals	<u>47,631,968</u>	<u>1,101,133</u>	<u>(239,967)</u>	<u>-</u>	<u>48,493,134</u>
Less Accumulated Depreciation For:					
Building and Systems	1,807,394	91,514	-	-	1,898,908
Infrastructure	17,038,779	863,464	-	-	17,902,243
Machinery and Equipment	8,039,670	587,470	(133,300)	-	8,493,840
Total Accumulated Depreciation	<u>26,885,843</u>	<u>1,542,448</u>	<u>(133,300)</u>	<u>-</u>	<u>28,294,991</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,746,125</u>	<u>\$ (441,315)</u>	<u>\$ (106,667)</u>	<u>\$ -</u>	<u>\$ 20,198,143</u>
<b>Business-Type Activities:</b>					
Non-depreciable Assets:					
Land	\$ 145,904	\$ -	\$ -	\$ -	\$ 145,904
Construction in Progress	1,257,521	504,496	-	-	1,762,017
Depreciable Assets					
Building and Systems	134,518	43,307	-	246,687	424,512
Infrastructure	35,297,139	256,370	-	(246,687)	35,306,822
Machinery and Equipment	3,175,397	-	(249,210)	(3,275)	2,922,912
Waterpark	9,895,999	64,277	-	3,275	9,963,551
Totals	<u>49,906,478</u>	<u>868,450</u>	<u>(249,210)</u>	<u>-</u>	<u>50,525,718</u>
Less Accumulated Depreciation For:					
Building and Systems	130,711	6,695	-	-	137,406
Infrastructure	16,218,096	870,446	-	-	17,088,542
Machinery and Equipment	2,577,708	217,259	(249,210)	-	2,545,757
Waterpark	1,368,506	390,131	-	-	1,758,637
Total Accumulated Depreciation	<u>20,295,021</u>	<u>1,484,531</u>	<u>(249,210)</u>	<u>-</u>	<u>21,530,342</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,611,457</u>	<u>\$ (616,081)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,995,376</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 6. Capital Assets (continued)**

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

Governmental Activities	
General Government	\$ 440,373
Public Safety	632,866
Public Works	260,982
Culture and Recreation	82,984
Economic Development	99,025
Airport	10,334
Cemetery	<u>15,887</u>
 Total Depreciation Expense- Governmental Activities	 <u><u>\$ 1,542,451</u></u>

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2022:

	<u>Expenditures To Date</u>	<u>Total Contract</u>	<u>Contract Payments Remaining</u>
Governmental Activities:			
Airport Runway Rehab	28,817		(28,817)
Canal District	<u>28,484</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 57,301</u>	 <u>\$ -</u>	 <u>\$ (28,817)</u>
Business-Type Activities:			
Industrial Park	\$ 40,445	\$ 40,445	\$ -
Storm Water	297,727	297,727	-
Generator	382,009	481,700	99,691
South Park Sewer	540,555	882,500	341,945
Drainage	323,900	323,900	-
Smith Street Well Project	101,426	Unknown	Unknown
BOBO Newsome Sewer Extension	15,616	Unknown	Unknown
Bay Road Water Line Extension	<u>60,339</u>	<u>Unknown</u>	<u>Unknown</u>
 Total	 <u>\$ 1,762,017</u>	 <u>\$ 2,026,272</u>	 <u>\$ 441,636</u>

**Note 7. Accounts Payable and Accrued Expenses**

The significant components of accounts payable and accrued expenses for governmental activities at June 30, 2022, are as follows:

Accounts Payable	\$ 659,290
Accrued Payroll, Withholdings, Fringe and Benefits	<u>448,365</u>
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u><u>\$ 1,107,655</u></u>

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Long-term Debt**

***Governmental Activities:***

As of June 30, 2022, the governmental long-term debt consisted of general obligation bonds, revenue bonds and compensated absences.

***General Obligation Bonds***

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

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

Year Ending June 30,	Principal	Interest	Total
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>\$ 538,000</u>	<u>\$ 45,412</u>	<u>\$ 583,412</u>

***Revenue Bonds Payable***

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

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 1<sup>st</sup> and interest payments due semi-annually on December 1<sup>st</sup> and June 1<sup>st</sup>. 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
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>\$ 3,840,106</u>	<u>\$ 346,338</u>	<u>\$ 4,186,444</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Long-term Debt (continued)**

*Capital Lease Payable*

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

The following is a schedule of the future minimum lease payment under capital lease, and the present value of the net minimum lease payments at June 30, 2022.

Year Ending 30-Jun	Governmental Activities
2023	122,673
2024	122,878
2025	122,212
2026	122,714
2027	123,348
Total Minimum Lease Payments	613,825
Less: Amount Representing Interest	(30,805)
Present Value of Minimum Lease Payments	\$ 583,020

*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, 2022, 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 1<sup>st</sup>. The bonds range in maturity dates from 2015 to 2029. The interest rate ranges from 3.00% to 4.00%.

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 8. Long-term Debt (continued)**

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

Year Ending June 30,	Principal	Interest	Total
2023	927,786	536,041	1,463,827
2024	979,555	509,881	1,489,436
2025	1,015,528	472,307	1,487,835
2026	1,056,517	433,318	1,489,835
2027-2031	4,742,941	1,548,036	6,290,977
2032-2036	3,784,987	784,989	4,569,976
2037-2041	2,795,136	118,240	2,913,376
2042-2043	105,850	1,194	107,044
	<u>\$ 15,408,300</u>	<u>\$ 4,404,006</u>	<u>\$ 19,812,306</u>

The following is a summary of changes in long-term obligations of the City as of June 30, 2022:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One year</u>
<i>Governmental Activities:</i>					
G.O. Bonds	\$ 549,900	\$ -	\$ (11,900)	\$ 538,000	\$ 12,000
Revenue Bond	4,497,379	-	(657,273)	3,840,106	683,436
Capital Lease	-	700,000	(116,980)	583,020	112,528
Note Payable	1,500,000	-	-	1,500,000	-
Compensated Absences	<u>342,650</u>	<u>332,428</u>	<u>(342,650)</u>	<u>332,428</u>	<u>99,642</u>
Totals	<u>\$ 6,889,929</u>	<u>\$ 1,032,428</u>	<u>\$ (1,128,803)</u>	<u>\$ 6,793,554</u>	<u>\$ 907,606</u>
<i>Business-Type Activities:</i>					
Revenue Bonds	\$ 14,656,000	\$ 1,477,300	\$ (725,000)	\$ 15,408,300	\$ 880,000
Capital Lease	-	-	-	-	-
Compensated Absences	<u>41,858</u>	<u>43,871</u>	<u>(41,858)</u>	<u>43,871</u>	<u>12,877</u>
Totals	<u>\$ 14,697,858</u>	<u>\$ 1,521,171</u>	<u>\$ (766,858)</u>	<u>\$ 15,452,171</u>	<u>\$ 892,877</u>

**Note 9. Debt Limitations**

The amount of legal debt margin as of June 30, 2022, is computed as follows:

Total Assessed Value	<u>\$ 24,228,035</u>
Debit Limit (8% of Assessed Value)	\$ 1,938,243
Amount of Debt Applicable to Debt Limit	<u>(538,000)</u>
Legal Debt Margin	<u>\$ 1,400,243</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues 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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the 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



**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Employee Retirement Systems (continued)**

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

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

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Employee Retirement Systems (continued)**

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

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. 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:

<b>SCRS</b>	<b><u>Fiscal Year 2022*</u></b>	<b><u>Fiscal Year 2021*</u></b>
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>PORS</b>		
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.

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Employee Retirement Systems (continued)**

Required employer contributions are as follows:

<b>SCRS</b>	<u><b>Fiscal Year 2022*</b></u>	<u><b>Fiscal Year 2021*</b></u>
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
 <b>PORS</b>		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

*Actuarial Assumptions and Methods-* Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

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

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

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service) <sup>1</sup>	3.5% to 10.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%		

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
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**Note 10. Employee Retirement Systems (continued)**

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

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

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

*Net Pension Liability*- The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2021, 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	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

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

*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 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Employee Retirement Systems (continued)**

<u>Asset Class</u>	<u>Target Asset (%)</u>	<u>Expected Arithmetic Rate of (%)</u>	<u>Long Term Expected Portfolio (%)</u>
<b>Public Equity*</b>	46.0%	6.87%	3.16%
<b>Bonds</b>	26.0%	0.27%	0.07%
<b>Private Equity* **</b>	9.0%	9.68%	0.87%
<b>Private Debt**</b>	7.0%	5.47%	0.39%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate**	9.0%	6.01%	0.54%
Infrastructure**	3.0%	5.08%	<u>0.15%</u>
Total Expected Return***	<u>100.0%</u>		5.18%
Inflation of Actuarial Purposes			<u>2.25%</u>
			<u><u>7.43%</u></u>

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

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

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

*Discount rate-* The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Sensitivity Analysis-* The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 10. Employee Retirement Systems (continued)**

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>6.00%</u></b>	<b><u>7.00%</u></b>	<b><u>8.00%</u></b>
<b>System</b>			
<b>SCRS</b>	\$ 7,945,743	\$ 6,066,029	\$ 4,503,598
<b>PORS</b>	\$ 5,993,796	\$ 4,131,168	\$ 2,605,390

*Additional Financial and Actuarial Information* – Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems’ audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems’ Comprehensive Annual Financial Report.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-* At June 30, 2022, the City reported a liability of \$6,066,029 for the SCRS and \$4,131,168 for the PORS for a total of \$10,197,197 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the City’s proportion was 0.028030 percent for the SCRS and 0.160560 percent for the PORS measured as of June 30, 2021.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 243,867	\$ 21,053
Changes of assumptions	626,689	-
Net difference between projected and actual earnings on pension plan investments	-	1,807,354
Changes in proportion and differences between District contributions and proportionate share of contributions	152,944	308,231
Town contributions subsequent to measurement date	<u>1,004,432</u>	<u>-</u>
Total	<u>\$ 2,027,932</u>	<u>\$ 2,136,638</u>

The City’s contributions subsequent to the measurement date of \$1,004,432 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, 2022.

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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>
2022	\$ 52,596	\$ 59,478	\$ 112,074
2023	100,235	66,241	166,476
2024	62,084	110,973	173,057
2025	<u>329,722</u>	<u>331,811</u>	<u>661,533</u>
Total	<u>\$ 544,637</u>	<u>\$ 568,503</u>	<u>\$ 1,113,140</u>

*Payables to the Pension Plan-* The City reported a payable to the PEBA as of June 30, 2022, in the amount of \$120,280, representing required employer and employee contributions for the month of June 2022 for the plans. This amount is included in Accrued Expenses on the financial statements and was paid in July 2022.

**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, 2022**

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

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

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

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

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	2.12%
Measurement Date	2.06%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

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

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



**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

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

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

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

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

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	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**  
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**Note 11. Other Post-Employment Benefits (OPEB) (continued)**

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

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

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

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

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

<b>Health Care Cost Trend Rate Sensitivity</b>			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 352,238	\$ 483,413	\$ 640,425

**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.

<b>Discount Rate Sensitivity</b>			
	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 598,458	\$ 483,413	\$ 381,351

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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)
<b>Balance as of December 31, 2020</b>	\$ 1,285,812	\$ 788,290	\$ 497,522
<b>Changes for the year:</b>			
Service Cost at the end of the year*	44,309	0	44,309
Interest on TOL and Cash Flows	59,456	0	59,456
Change in benefit terms	0	0	0
Difference between expected and actual experience	(56,304)	0	(56,304)
Changes of assumptions or other inputs	(21,615)	0	(21,615)
Contributions – employer	0	69,003	(69,003)
Contributions – non-employer	0	0	0
Net investment income	0	(22,342)	22,342
Benefit payments and implicit subsidy credit**	(69,003)	(69,003)	0
Plan administrative expenses***	0	(6,706)	6,706
Other	0	0	0
<b>Net changes</b>	<b>\$ (43,157)</b>	<b>\$ (29,048)</b>	<b>\$ (14,109)</b>
<b>Balance as of December 31, 2021</b>	<b>\$ 1,242,655</b>	<b>\$ 759,242</b>	<b>\$ 483,413</b>

\* The service cost includes interest for the year.

\*\* Benefit payments are net of participant contributions and include a payment of \$23,100 for the implicit subsidy. Benefit payments include \$45,903 paid outside the Trust.

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

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

The TOL is based upon an actuarial valuation performed as of the Valuation Date, December 31, 2020. An expected TOL is determined as of December 31, 2021, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Prior Measurement Date, December 31, 2020, 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:**

- The decremental and salary increase assumptions have been updated based on the most recent SCRS and PORS experience analysis.
- Change in medical trend

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
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**June 30, 2022**

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

**Deferred Inflows of Resources and Deferred Outflows of Resources**

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,558	\$ 82,201
Changes of assumptions or other inputs	40,230	19,125
Net difference between projected and actual earnings on plan investments	<u>49,257</u>	<u>0</u>
Total	<u>\$ 93,045</u>	<u>\$ 101,326</u>

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

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

<b>Measurement Period Ended December 31:</b>	
2022	\$ 8,366
2023	\$ 4,525
2024	\$ 4,299
2025	\$ 5,033
2026	\$ (7,296)
Thereafter	\$ (23,208)

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

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

<b>COMPONENTS OF OPEB EXPENSE / (INCOME)</b>	
<b>+ Service Cost (SC)</b>	This is equal to the Normal Cost determined using the Entry Age Normal (Level Percentage of Pay) actuarial cost method.
<b>- Active Member Contributions</b>	The total amount of active employee payroll deductions for OPEB benefits, if applicable.
<b>+ Administrative Expenses</b>	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.
<b>+ Interest on the TOL (IOT)</b>	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.
<b>+ / - Changes of Benefit Terms</b>	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.
<b>- Projected Earnings on Plan Investments (XR)</b>	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.
<b>+ / - Other</b>	Miscellaneous and non-standard expense items are included in this component.

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

<b>COMPONENTS OF OPEB EXPENSE / (INCOME)</b>	
<b>+ / –</b>	<p><b>Recognition of Current Period Deferred Outflows / Inflows of Resources for:</b></p> <ul style="list-style-type: none"> <li>– Differences Between Expected and Actual Experience</li> <li>– Changes of Assumptions or Other Inputs</li> <li>– Differences Between Actual and Projected Earnings on Plan Investments</li> </ul> <p>Please note that the results provided in this report reflect the following conventions: Experience losses ("positive amounts") increase the balances of Deferred Outflows of Resources, and amounts recognized increase OPEB expense. Experience gains ("negative amounts") decrease the balances of Deferred Inflows of Resources, and amounts recognized decrease OPEB expense.</p> <p>For differences between expected and actual experience and changes of assumptions or other inputs, the amounts that must be recognized during the current period are determined by spreading the total changes over the average expected remaining service lives (AERSL) of the entire Plan membership at the beginning of the measurement period. The active member AERSL is the average number of years that the active members are expected to remain in covered employment. AERSL is equal to zero for inactive members. The AERSL of the entire Plan membership is the weighted average of these two values, but cannot be less than one year*. The current recognition period is 8.68 years.</p> <p>For differences between actual and projected earnings on plan investments, if any, the amount that must be recognized during the current period is determined by amortizing the total change over five (5) years.</p>
<b>+</b>	<p><b>Recognition of Prior Period Deferred Outflows of Resources</b></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>
<b>–</b>	<p><b>Recognition of Prior Period Deferred Inflows of Resources</b></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, 2022**

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

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

<b>Investment Earnings (Gain) Loss</b>	
a) Expected asset return rate	4.75%
b) Beginning of year market value of assets	\$788,290
c) End of year market value of assets	759,242
d) Expected return on beginning assets for plan year	37,444
e) External cash flow (mid-year payments assumed):	
Contributions – employer	69,003
Contributions – active member	0
Refunds of contributions	0
Benefit payments	(69,003)
Administrative expenses*	(6,706)
Other	<u>0</u>
Total external cash flow	(6,706)
f) Expected return on external cash flow	(157)
g) Projected earnings for plan year (d + f)	37,287
h) Net investment income (c – b – e)	(22,342)
<b>i). Investment earnings (gain) loss (g – h)</b>	<b><u>\$59,629</u></b>

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

The calculation of the OE for the year ended June 30, 2022 is shown in the following table:

<b>OPEB Expense</b>	
<b>For Year Ending June 30, 2022</b>	
Service Cost at end of year*	\$44,309
Interest on the Total OPEB Liability and Cash Flow	59,456
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(6,487)
Expensed portion of current-period changes of assumptions or other inputs	(2,490)
Active member contributions	0
Projected earnings on plan investments	(37,287)
Expensed portion of current-period differences between actual and projected earnings on plan investments	11,926
Administrative Costs**	6,706
Other	0
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	14,347
Recognition of beginning Deferred Inflows of Resources as OPEB Expense	<u>(6,738)</u>
<b>OPEB Expense</b>	<b><u>\$83,742</u></b>

\*The service cost includes interest for the year.

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

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

**Note 12. Commitments and Contingencies**

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

In the normal course of business, the City enters into agreements with contractors for construction projects. As of June 30, 2022, open contracts and project budgets for construction totaled \$2,026,272, of which \$1,819,318 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, 2022**

**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 \$529,102 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 \$174,950 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.

**Note 16. Inter-fund Transfers**

Transfers from (to) other funds for the year ended June 30, 2022, consist of the following:



**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 16. Inter-fund Transfers (continued)**

**Capital Projects Fund**

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

**Accommodations Fund**

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

**Proprietary Fund**

*Transfer from:* Funds were transferred from the HPFC and Hospitality funds for debt expenses.

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

**Special Revenue Fund**

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

**Debt Service Fund**

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

**Stormwater Fund**

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

**Note 17. Operating Lease Commitments**

The City has 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 \$25,450 for the fiscal ended June 30, 2022.

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, 2022, totaled \$107,813.

**Note 18. Fee in Lieu Agreements**

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

The City of Hartsville, in conjunction with Darlington County, provide property tax reductions through South Carolina's Fee in Lieu of Tax (pursuant to the authority granted by Title 12, Chapter 44 of the Code of Laws of South Carolina, 1976, as amended in order to reduce the property tax burden on businesses thereby inducing such businesses to invest in the City and County. South Carolina has a property tax structure that compares unfavorably to many other

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**Note 18. Fee in Lieu Agreements (continued)**

states with whom we compete to attract industry. This program is designed to make the City of Hartsville a more attractive location for companies making significant capital investment and job creation. As the site selection process for industries has become increasingly more competitive, many companies come to view FILOT agreements as absolutely critical to their decision to locate in South Carolina. This innovative solution is the primary recruitment tool used by county and city governments in South Carolina to recruit new industry and to encourage our existing industries to remain in operation in the City of Hartsville.

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

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

The FILOT program resulted in property tax abated of \$124,793.

According to Darlington County, capital investment committed to the existing FILOT agreements was \$95,000,000. This investment resulted in FILOT payments of \$69,123 to the City of Hartsville for the tax year 2021.

**Note 19. Impact of Recently Issued Accounting Principles**

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). This Statement substantially changes the accounting and financial reporting around lease agreements, specifically, eliminating certain traditional distinctions between operating and capital leases. GASB 87 became effective beginning with fiscal year 2022. As of June 30, 2022, management has determined that the City is not a party (either as lessee or lessor) to any lease agreement that meets the requirements for the new reporting, however, the requirements of GASB 87 could impact the City in future reporting periods.

**Note 20. Subsequent Events**

The City of Hartsville has evaluated subsequent events through December 21, 2022, 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, 2022**

	Budget	Adjusted Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes				
Property Taxes	\$ 2,665,000	\$ 2,665,000	\$ 2,677,430	\$ 12,430
Vehicle Taxes	280,000	280,000	360,496	80,496
PILOT Taxes	265,000	265,000	103,630	(161,370)
Accommodations Tax	125,000	125,000	137,643	12,643
Merchant Inventory Tax	56,000	56,000	56,667	667
Local Option Sales Tax	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,711,904</u>	<u>461,904</u>
Total Taxes	<u>4,641,000</u>	<u>4,641,000</u>	<u>5,047,770</u>	<u>406,770</u>
Licenses, Fees and Permits				
Franchise Fees	750,000	750,000	736,215	(13,785)
Business License Fees	1,922,500	1,922,500	2,129,456	206,956
Telecommunications Fees	35,000	35,000	32,266	(2,734)
Permits	158,450	158,450	175,212	16,762
Fire	15,000	15,000	33,352	18,352
Recreation	<u>12,200</u>	<u>12,200</u>	<u>20,279</u>	<u>8,079</u>
Total Licenses, Fees and Permits	<u>2,893,150</u>	<u>2,893,150</u>	<u>3,126,780</u>	<u>233,630</u>
Intergovernmental Revenue				
Local Government Funds	<u>193,284</u>	<u>193,284</u>	<u>168,693</u>	<u>(24,591)</u>
Total Intergovernmental Revenue	<u>193,284</u>	<u>193,284</u>	<u>168,693</u>	<u>(24,591)</u>
Charges for Services				
Solid Waste	<u>1,443,582</u>	<u>1,443,582</u>	<u>1,463,679</u>	<u>20,097</u>
Total Charges for Services	<u>1,443,582</u>	<u>1,443,582</u>	<u>1,463,679</u>	<u>20,097</u>
Fines and Forfeitures				
Police	70,000	70,000	51,741	(18,259)
Victim's Rights	<u>-</u>	<u>-</u>	<u>(3,742)</u>	<u>(3,742)</u>
Total Fines and Forfeitures	<u>70,000</u>	<u>70,000</u>	<u>47,999</u>	<u>(22,001)</u>
Miscellaneous				
School Resource Officer	270,741	270,741	282,308	11,567
Fire Contracts	600,000	600,000	630,981	30,981
Recreation Program Income	2,500	2,500	3,851	1,351
Cemetery	65,000	65,000	75,710	10,710
Rent Income	29,650	29,650	28,450	(1,200)
Contributions and Donations	-	-	182	182
Accumulated Surplus	(123,890)	97,596	-	(97,596)
Other	122,100	122,100	121,063	(1,037)
Grant Income	-	-	10,191	10,191
Interest Income	<u>-</u>	<u>-</u>	<u>405</u>	<u>405</u>
Total Miscellaneous	<u>966,101</u>	<u>1,187,587</u>	<u>1,153,141</u>	<u>(34,446)</u>
<b>Total Revenues</b>	<u>10,207,117</u>	<u>10,428,603</u>	<u>11,008,062</u>	<u>579,459</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, 2022**

**Expenditures**

<b>General Government</b>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Advertisement	\$ 4,150	\$ 4,150	\$ 2,212	\$ 1,938
Banking Fees	60,400	60,400	91,389	(30,989)
Computer Expenses	137,000	137,000	68,552	68,448
Contract Services	503,257	503,257	493,007	10,250
Contingency	142,079	142,079	-	142,079
Demolition	50,000	50,000	17,794	32,206
Dues and Subscriptions	20,900	20,900	14,540	6,360
Employee Benefits	200,383	200,383	177,471	22,912
Grant Expenditures	139,014	139,014	96,691	42,323
Insurance	460,526	460,526	433,756	26,770
Lease Expense	17,400	17,400	17,400	-
Legal and Professional Fees	121,000	121,000	109,893	11,107
Miscellaneous	193,150	193,150	257,559	(64,409)
Office Supplies	24,620	24,620	32,836	(8,216)
Payroll Taxes	90,147	90,147	85,266	4,881
Postage	2,600	2,600	1,884	716
Repairs and Maintenance	53,200	53,200	47,356	5,844
Salaries	1,179,010	1,179,010	1,127,780	51,230
Telephone	6,500	6,500	7,786	(1,286)
Training	36,190	36,190	68,498	(32,308)
Travel	-	-	262	(262)
Utilities	315,600	315,600	334,973	(19,373)
Vehicle Expense	13,100	13,100	16,378	(3,278)
FEMA Expenditures	-	-	2,511	(2,511)
<b>Total General Government</b>	<u>3,770,226</u>	<u>3,770,226</u>	<u>3,505,794</u>	<u>264,432</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, 2022**

**Public Safety**

<b>Police</b>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Boarding Prisoners	\$ 20,000	\$ 20,000	\$ 7,062	\$ 12,938
Contracted Services	69,500	69,500	34,757	34,743
Dues and Subscriptions	18,405	18,405	10,468	7,937
Employee Benefits	373,942	373,942	370,733	3,209
Insurance	482,510	482,510	449,091	33,419
Legal and Professional	16,275	16,275	18,249	(1,974)
Miscellaneous	22,000	22,000	20,284	1,716
Office Supplies	12,000	12,000	9,388	2,612
Payroll Taxes	151,005	151,005	145,258	5,747
Postage	1,350	1,350	382	968
Repairs and Maintenance	121,200	121,200	104,179	17,021
Salaries	1,990,014	1,990,014	1,985,287	4,727
Supplies	2,600	2,600	1,075	1,525
Telephone	19,430	19,430	24,740	(5,310)
Training	37,600	37,600	26,826	10,774
Uniforms	20,400	20,400	6,941	13,459
Utilities	18,000	18,000	20,352	(2,352)
Vehicle Expense	132,700	132,700	176,738	(44,038)
911 E Contract	<u>76,500</u>	<u>76,500</u>	<u>73,230</u>	<u>3,270</u>
<b>Police Total</b>	<u>3,585,431</u>	<u>3,585,431</u>	<u>3,485,040</u>	<u>100,391</u>
<b>Fire</b>				
Contract Services	65,510	65,510	61,165	4,345
Dues and Subscriptions	1,140	1,140	1,304	(164)
Employee Benefits	144,045	144,045	124,628	19,417
Insurance	166,076	166,076	156,169	9,907
Legal and Professional	10,450	10,450	8,043	2,407
Office Supplies	2,500	2,500	2,458	42
Payroll Taxes	61,976	61,976	57,875	4,101
Postage	300	300	182	118
Miscellaneous	4,000	4,000	4,817	(817)
Repairs and Maintenance	132,800	132,800	136,009	(3,209)
Salaries	810,150	810,150	770,181	39,969
Supplies	9,850	9,850	9,750	100
Telephone	13,302	13,302	13,473	(171)
Training	15,000	15,000	13,415	1,585
Uniforms	15,800	15,800	16,051	(251)
Utilities	22,200	22,200	20,951	1,249
Vehicle Expense	89,000	89,000	98,455	(9,455)
911 E Contract	<u>11,367</u>	<u>11,367</u>	<u>11,367</u>	<u>-</u>
<b>Fire Total</b>	<u>1,575,466</u>	<u>1,575,466</u>	<u>1,506,293</u>	<u>69,173</u>
<b>Total Public Safety</b>	<u>5,160,897</u>	<u>5,160,897</u>	<u>4,991,333</u>	<u>169,564</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, 2022**

<b>Culture and Recreation</b>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Advertisement	\$ 500	\$ 500	\$ -	\$ 500
Contract Services	63,000	63,000	63,389	(389)
Dues and Subscriptions	1,000	1,000	75	925
Employee Benefits	39,533	39,533	36,849	2,684
Insurance	53,937	53,937	50,064	3,873
Legal and Professional	500	500	547	(47)
Miscellaneous	2,000	2,000	485	1,515
Office Supplies	2,500	2,500	1,402	1,098
Payroll Taxes	18,403	18,403	19,524	(1,121)
Postage	200	200	-	200
Repairs and Maintenance	69,100	69,100	68,777	323
Salaries	240,560	240,560	233,345	7,215
Telephone	8,000	8,000	5,194	2,806
Training	3,000	3,000	867	2,133
Utilities	120,000	120,000	151,359	(31,359)
Vehicle Expense	14,000	14,000	14,991	(991)
Supplies	8,600	8,600	3,422	5,178
Uniforms	4,000	4,000	2,138	1,862
Small Tools and Equipment	10,500	10,500	9,037	1,463
<b>Total Culture and Recreation</b>	<u>659,333</u>	<u>659,333</u>	<u>661,465</u>	<u>(2,132)</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, 2022**

<b>Cemetery</b>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Building Maintenance	\$ 2,000	\$ 2,000	\$ 1,265	\$ 735
Contract Services	86,400	86,400	98,400	(12,000)
Miscellaneous	15,750	15,750	26,169	(10,419)
Telephone	<u>250</u>	<u>250</u>	<u>270</u>	<u>(20)</u>
<b>Total Cemetery</b>	<u>104,400</u>	<u>104,400</u>	<u>126,104</u>	<u>(21,704)</u>
 <b>Airport</b>				
Contract Services	91,000	91,000	31,397	59,603
Insurance	4,100	4,100	-	4,100
Repairs and Maintenance	15,000	15,000	34,113	(19,113)
Telephone	600	600	642	(42)
Utilities	<u>7,100</u>	<u>7,100</u>	<u>16,597</u>	<u>(9,497)</u>
<b>Total Airport</b>	<u>117,800</u>	<u>117,800</u>	<u>82,749</u>	<u>35,051</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, 2022**

<b>Public Works</b>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Bad Debt Expense	\$ -	\$ -	\$ 28,044	\$ (28,044)
Contract Services	127,000	127,000	136,379	(9,379)
County Tipping Fee	120,000	120,000	164,974	(44,974)
Dues and Subscriptions	1,000	1,000	677	323
Employee Benefits	149,798	149,798	123,302	26,496
Insurance	283,274	283,274	238,962	44,312
Legal and Professional	4,600	4,600	6,306	(1,706)
Miscellaneous	6,000	6,000	1,398	4,602
Office Supplies	2,200	2,200	4,813	(2,613)
Payroll Taxes	69,875	69,875	59,653	10,222
Postage	200	200	174	26
Repairs and Maintenance	132,600	132,600	137,096	(4,496)
Salaries	905,891	905,891	785,570	120,321
Small Equipment and Tools	44,000	44,000	40,043	3,957
Supplies	35,500	35,500	28,830	6,670
Telephone	3,700	3,700	3,459	241
Training	2,700	2,700	1,321	1,379
Vehicle Expense	217,000	217,000	270,329	(53,329)
Uniforms	21,900	21,900	22,410	(510)
Utilities	8,500	8,500	25,784	(17,284)
<b>Total Public Works</b>	<u>2,135,738</u>	<u>2,135,738</u>	<u>2,079,524</u>	<u>56,214</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, 2022**

	Budget	Adjusted Budget	Actual	Variance Positive (Negative)
<b>Capital Outlay</b>				
General Government	\$ -	\$ 221,486	249,970	\$ (28,484)
Public Safety	296,200	296,200	342,070	(45,870)
Culture and Recreation	35,000	35,000	74,919	(39,919)
Cemetery	-	-	7,904	(7,904)
Public Works	-	275,694	288,709	(13,015)
<b>Total Capital Outlay</b>	<u>331,200</u>	<u>828,380</u>	<u>963,572</u>	<u>(135,192)</u>
<b>Debt Service</b>				
Principal	100,889	100,889	219,214	(118,325)
Interest	92,752	92,752	74,666	18,086
<b>Total Debt Service</b>	<u>193,641</u>	<u>193,641</u>	<u>293,880</u>	<u>(100,239)</u>
<b>Total Expenditures</b>	<u>12,473,235</u>	<u>12,970,415</u>	<u>12,704,421</u>	<u>265,994</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,266,118)</u>	<u>(2,541,812)</u>	<u>(1,696,359)</u>	<u>313,465</u>
<b>Other Financing Sources (Uses)</b>				
Lease Proceeds	312,000	587,694	700,000	112,306
Sale of Capital Assets	2,500	2,500	12,045	9,545
Operating Transfers In	1,951,618	1,951,618	1,998,208	46,590
Operating Transfers Out	-	-	(3,326)	(3,326)
<b>Total Other Financing Sources (Uses)</b>	<u>2,266,118</u>	<u>2,541,812</u>	<u>2,706,927</u>	<u>165,115</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,010,568	<u>\$ 1,010,568</u>
<b>Fund Balance, Beginning of Year</b>			<u>2,811,804</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 3,822,372</u>	

**CITY OF HARTSVILLE, SOUTH CAROLINA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,641,000	\$ 4,641,000	\$ 5,047,770	\$ 406,770
Licenses, Fees and Permits	2,893,150	2,893,150	3,126,780	233,630
Intergovernmental	193,284	193,284	168,693	(24,591)
Charges for Services	1,443,582	1,443,582	1,463,679	20,097
Fines and Forfeitures	70,000	70,000	47,999	(22,001)
Miscellaneous	<u>966,101</u>	<u>1,187,587</u>	<u>1,153,141</u>	<u>(34,446)</u>
 Total Revenues	 <u>10,207,117</u>	 <u>10,428,603</u>	 <u>11,008,062</u>	 <u>579,459</u>
<b>Expenditures</b>				
Current:				
General Government	3,770,226	3,770,226	3,505,794	264,432
Public Safety	5,160,897	5,160,897	4,991,333	169,564
Culture and Recreation	659,333	659,333	661,465	(2,132)
Cemetery	104,400	104,400	126,104	(21,704)
Airport	117,800	117,800	82,749	35,051
Public Works	2,135,738	2,135,738	2,079,524	56,214
Capital Outlay	331,200	828,380	963,572	(135,192)
Debt Service				
Principal	100,889	100,889	219,214	(118,325)
Interest	<u>92,752</u>	<u>92,752</u>	<u>74,666</u>	<u>18,086</u>
 Total Expenditures	 <u>12,473,235</u>	 <u>12,970,415</u>	 <u>12,704,421</u>	 <u>265,994</u>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	 <u>(2,266,118)</u>	 <u>(2,541,812)</u>	 <u>(1,696,359)</u>	 <u>845,453</u>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Proceeds	312,000	587,694	700,000	112,306
Sale of Capital Assets	2,500	2,500	12,045	9,545
Operating Transfers In	1,951,618	1,951,618	1,998,208	46,590
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(3,326)</u>	<u>(3,326)</u>
 Total Other Financing Sources (Uses)	 <u>2,266,118</u>	 <u>2,541,812</u>	 <u>2,706,927</u>	 <u>165,115</u>
 <b>Net Change in Fund Balance</b>	 <u>\$ -</u>	 <u>\$ -</u>	 1,010,568	 <u>\$ 1,010,568</u>
 <b>Fund Balance, Beginning of Year</b>			 <u>2,811,804</u>	
 <b>Fund Balance, End of Year</b>			 <u>\$ 3,822,372</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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SCRS</b>								
City's proportion of the net pension liability (asset)	0.028030%	0.022777%	0.029620%	0.028302%	0.028641%	0.028124%	0.029181%	0.027748%
City's proportionate share of the net pension liability (asset)	\$ 6,066,029	\$ 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	\$ 3,246,011	\$ 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)	53.51%	44.62%	46.85%	35.90%	33.85%	48.16%	48.14%	57.44%
as a percentage of its covered-employee payroll	33.18%	38.80%	39.06%	38.21%	26.05%	24.27%	20.98%	18.59%
Plan fiduciary net position as a percentage of total pension liability								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PORS</b>								
City's proportion of the net pension liability (asset)	0.160560%	0.165106%	0.163193%	0.163322%	0.158090%	0.153320%	0.158200%	0.159940%
City's proportionate share of the net pension liability (asset)	\$ 4,131,168	\$ 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	\$ 2,426,678	\$ 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)	58.74%	44.13%	59.06%	36.93%	38.29%	54.66%	56.54%	63.72%
as a percentage of its covered-employee payroll	22.59%	29.95%	27.02%	27.88%	17.50%	15.71%	13.07%	11.91%
Plan fiduciary net position as a percentage of total pension liability								

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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,004,432	\$ 933,299	\$ 938,257	\$ 598,390	\$ 565,230
Contributions in relation to contractually required contribution	<u>1,004,432</u>	<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>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,460,160	\$ 5,939,900	\$ 5,930,767	\$ 5,632,729	\$ 5,113,504
Contributions as a percentage of covered-employee payroll	15.55%	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>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
For the Fiscal Year Ended June 30, 2022**

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

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

**Note:** GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. The Discount rate used for year ended December 31, 2020 was 4.75%.

**CITY OF HARTSVILLE, SOUTH CAROLINA  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF THE NET OPEB LIABILITY  
For the Fiscal Year Ended June 30, 2022**

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

\*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, 2022**

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

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

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

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2022**

**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 culture and recreation, cemetery, capital outlay and debt service have excess expenditures over appropriations in the amount of \$2,132, \$21,704, \$135,192 and \$100,239.

## ***SPECIAL REVENUE FUNDS***

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

### ***Hospitality Tax Fund***

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

### ***Special Revenue Fund***

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

### ***Infrastructure Park Fund***

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

### ***Accommodations Tax Fund***

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

### ***Special Projects Fund***

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

### ***Narcotics Fund***

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

### ***Hartsville Public Development Corporation***

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

### ***Community Development Fund – Canal District***

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

**CITY OF HARTSVILLE, SOUTH CAROLINA  
HOSPITALITY TAX FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Restricted Cash \$ 765,765

**Total Assets** **\$ 765,765**

**Liabilities and Fund Balance**

Due to General Fund \$ -

**Total Liabilities** **-**

Fund Balance

Restricted for Culture, Recreation and Tourism \$ 765,765

**Total Liabilities and Fund Balance** **\$ 765,765**

**CITY OF HARTSVILLE, SOUTH CAROLINA  
HOSPITALITY TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2022**

**Revenues**

Other Taxes	\$ <u>1,158,034</u>
Total Revenues	<u>1,158,034</u>

**Expenditures**

Economic Development	124,009
Debt Services	
Principal	73,000
Interest	<u>23,085</u>
Total Expenditures	<u>220,094</u>

Excess of Revenues Over Expenditures	<u>937,940</u>
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**Other Financing Sources (Uses)**

Transfer from Accommodations Fund	92,500
Transfer to Waterpark Bond	(300,000)
Transfer to General Fund	<u>(413,415)</u>
Total Other Financing Sources (Uses)	<u>(620,915)</u>

<b>Net Change in Fund Balance</b>	317,025
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Restricted Fund Balance, Beginning of Year	<u>448,740</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 765,765</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash	\$ 1,264,495
Accounts Receivable	-
Due from Other Funds	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 1,264,495</u></b>

**Liabilities and Fund Balance**

Accounts Payable	\$ 180,259
Deferred Revenue - ARPA Funds	<u>1,373,993</u>
<b>Total Liabilities</b>	<b><u>1,554,252</u></b>
Fund Balance	
Restricted for Community Development	<u>(289,757)</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 1,264,495</u></b>



**CITY OF HARTSVILLE, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2022**

**Revenues**

Grant Proceeds	\$ <u>1,111,664</u>
Total Revenues	<u>1,111,664</u>

**Expenditures**

Capital Outlay	
Public Safety	17,247
Community Development	544,757
Airport	<u>28,817</u>
Total Expenditures	<u>590,821</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>520,843</u>
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**Other Financing Sources (Uses)**

Transfer to Water and Sewer	<u>(428,543)</u>
Total Other Financing Sources	<u>(428,543)</u>

<b>Net Change in Fund Balance</b>	92,300
Restricted Fund Balance, Beginning of Year	<u>(382,057)</u>
Restricted Fund Balance, End of Year	<u>\$ (289,757)</u>

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**VICTIM'S ASSISTANCE**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**For the Fiscal Year Ended June 30, 2022**

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court Fines and Assessments Collected	\$ -	\$ -	\$ 69,833	\$ 69,833
Court Fines and Assessments Remitted to State Treasurer	-	-	(34,899)	(34,899)
<b>Total Court Fines and Assessments Retained</b>	<b>-</b>	<b>-</b>	<b>34,934</b>	<b>34,934</b>
<b>Surcharges and Assessments Retained for Victim Services:</b>				
Surcharges Collected and Retained	-	-	24,829	24,829
Assessments Retained	-	-	(4,194)	(4,194)
<b>Total Surcharges and Assessments Retained for Victim Services</b>	<b>-</b>	<b>-</b>	<b>20,635</b>	<b>20,635</b>
FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)				
<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>		<b>Municipal</b>	<b>County</b>	<b>Total</b>
<b>Carryforward from Previous Year - Beginning Balance</b>		-	-	-
<b>Victim Service Revenue:</b>				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		8,237	-	8,237
Grant Funds Received				
Grant From:		-	-	-
<b>General Funds Transferred to Victim Service Fund</b>				
(1) Town of		-	-	-
(2) Town of		-	-	-
(3) City of Hartsville		37,488	-	37,488
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>		<b>45,725</b>	<b>-</b>	<b>45,725</b>
<b>Expenditures for Victim Service Program:</b>		<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits		35,623	-	35,623
Operating Expenditures		10,102	-	10,102
<b>Victim Service Contract(s):</b>				
(1) Chester County		-	-	-
(2) Entity's Name		-	-	-
<b>Victim Service Donation(s):</b>				
(1) Domestic Violence Shelter: Safe Passage Inc.		-	-	-
(2) Rape Crisis Center:		-	-	-
(3) Other Local Direct Crime Victims Service Agency:		-	-	-
Transferred to General Fund		-	-	-
<b>Total Expenditures From Victim Service Fund/Program (B)</b>		<b>45,725</b>	<b>-</b>	<b>45,725</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)		-	-	-
Less: Prior Year Fund Deficit Repayment		-	-	-
<b>Carryforward Funds - End of Year</b>		<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF HARTSVILLE, SOUTH CAROLINA  
INFRASTRUCTURE PARK FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash	\$ 216,080
<b>Total Assets</b>	<b><u>\$ 216,080</u></b>

**Liabilities and Fund Balance**

Due to Other Funds	<u>\$ -</u>
<b>Total Liabilities</b>	<u>-</u>
Fund Balance	
Restricted for Infrastructure Expenditures	<u>216,080</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 216,080</u></b>

**CITY OF HARTSVILLE, SOUTH CAROLINA  
 INFRASTRUCTURE PARK FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 For the Fiscal Year Ended June 30, 2022**

**Revenues**

Fee in Lieu	\$ 642,338
Miscellaneous Income	<u>6,000</u>
 Total Revenues	 <u>648,338</u>

**Expenditures**

Economic Development	7,232
Capital Outlay	58,895
Debt Service	
Principal	382,273
Interest	<u>46,644</u>
 Total Expenditures	 <u>495,044</u>

Excess of Revenues Over Expenditures	 <u>153,294</u>
---	--------------------

**Other Financing Sources (Uses)**

Transfer to General Fund	<u>(153,294)</u>
 Total Other Financing Sources (Uses)	 <u>(153,294)</u>

**Net Change in Fund Balance**

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

**CITY OF HARTSVILLE, SOUTH CAROLINA  
ACCOMMODATIONS TAX FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash \$ 152,017

**Total Assets** **\$ 152,017**

**Liabilities and Fund Balance**

Fund Balance  
Restricted for Tourism Expenditures \$ 152,017

**Total Liabilities and Fund Balance** **\$ 152,017**

**CITY OF HARTSVILLE, SOUTH CAROLINA  
 ACCOMMODATIONS TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 For the Fiscal Year Ended June 30, 2022**

**Revenues**

Other Taxes	\$ <u>190,438</u>
Total Revenues	<u>190,438</u>

**Expenditures**

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

Excess of Revenues Over Expenditures	<u>184,958</u>
--------------------------------------	----------------

**Other Financing Sources (Uses)**

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

<b>Net Change in Fund Balance</b>	958
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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>\$ 152,017</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
SPECIAL PROJECTS FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash	\$ 638,920
<b>Total Assets</b>	<b><u>\$ 638,920</u></b>

**Liabilities and Fund Balance**

Accounts Payable	\$ 33
Deposits	(736)
Due to Other Funds	<u>3,483</u>
<b>Total Liabilities</b>	<u>2,780</u>
Fund Balance	
Restricted for Special Projects	<u>636,140</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 638,920</u></b>

**CITY OF HARTSVILLE, SOUTH CAROLINA  
SPECIAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2022**

**Revenues**

Donations	\$ <u>321,144</u>
Total Revenues	<u>321,144</u>

**Expenditures**

Economic Development	171,178
Capital Outlay	<u>108,742</u>
Total Expenditures	<u>279,920</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>41,224</u>
---	---------------

**Other Financing Sources (Uses)**

Transfer To Utility Fund	<u>(21,600)</u>
Total Other Financing Sources (Uses)	<u>(21,600)</u>

<b>Net Change in Fund Balance</b>	19,624
-----------------------------------	--------

Restricted Fund Balance, Beginning of Year	<u>616,516</u>
--	----------------

Restricted Fund Balance, End of Year	<u>\$ <u>636,140</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
NARCOTICS FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash	\$ <u>83,131</u>
<b>Total Assets</b>	<b>\$ <u>83,131</u></b>

**Liabilities and Fund Balance**

Due to Other Funds	\$ <u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>
Fund Balance	
Restricted for Public Services	<u>83,131</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>83,131</u></b>

**CITY OF HARTSVILLE, SOUTH CAROLINA  
NARCOTICS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2022**

**Revenues**

Miscellaneous Income	\$ <u>57,915</u>
Total Revenues	<u>57,915</u>

**Expenditures**

Police Safety	<u>51,168</u>
Total Expenditures	<u>51,168</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>6,747</u>
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<b>Net Change in Fund Balance</b>	6,747
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Restricted Fund Balance, Beginning of Year	<u>76,384</u>
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Restricted Fund Balance, End of Year	<u>\$ 83,131</u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
HARTSVILLE PUBLIC DEVELOPMENT CORPORATION FUND  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash	\$ <u>8,711</u>
<b>Total Assets</b>	<b>\$ <u>8,711</u></b>

**Liabilities and Fund Balance**

Due to Other Funds	\$ <u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>
Fund Balance	
Restricted for Capital Projects	<u>8,711</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>8,711</u></b>

**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, 2022**

**Revenues**

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

**Expenditures**

Capital Projects	<u>          17,498</u>
Total Expenditures	<u>          17,498</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>          (17,498)</u>
---	---------------------------

<b>Net Change in Fund Balance</b>	<b>(17,498)</b>
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Restricted Fund Balance, Beginning of Year	<u>          26,209</u>
--	-------------------------

Restricted Fund Balance, End of Year	<u>          \$      8,711</u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
COMMUNITY DEVELOPMENT FUND – CANAL DISTRICT  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash \$ 780,478

**Total Assets** **\$ 780,478**

**Liabilities and Fund Balance**

Fund Balance  
Restricted for Community Development \$ 780,478

**Total Liabilities and Fund Balance** **\$ 780,478**

**CITY OF HARTSVILLE, SOUTH CAROLINA  
COMMUNITY DEVELOPMENT FUND – CANAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2022**

**Revenues**

Other Taxes	\$ <u>261,021</u>
Total Revenues	<u>261,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>261,021</u>
<b>Net Change in Fund Balance</b>	261,021
Restricted Fund Balance, Beginning of Year	<u>519,457</u>
Restricted Fund Balance, End of Year	<u>\$ 780,478</u>

## ***DEBT SERVICE FUNDS***

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

**CITY OF HARTSVILLE, SOUTH CAROLINA  
DEBT SERVICE FUND  
BALANCE SHEET  
For the Fiscal Year Ended June 30, 2022**

**Assets**

Cash	\$ 226,671
Property Tax Receivable, Net	<u>10,793</u>
<b>Total Assets</b>	<b><u>\$ 237,464</u></b>

**Liabilities, Deferred Inflows and Fund Balance**

**Deferred Inflows**

Unavailable Revenue - Property Taxes	<u>\$ 8,533</u>
Fund Balance	
Restricted for Debt Service	<u>228,931</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b><u>\$ 237,464</u></b>



**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2022**

**Revenues**

Property Taxes	\$ <u>165,938</u>
Total Revenues	<u>165,938</u>

**Expenditures**

Debt Service	
Principal	49,900
Interest	<u>24,937</u>
Total Expenditures	<u>74,837</u>

<b>Net Change in Fund Balance</b>	91,101
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Restricted Fund Balance, Beginning of Year	<u>137,830</u>
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Restricted Fund Balance, End of Year	<u><u>\$ 228,931</u></u>
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**CITY OF HARTSVILLE, SOUTH CAROLINA  
HARTSVILLE PUBLIC FACILITIES CORPORATION  
BALANCE SHEET  
June 30, 2022**

**Assets**

Cash \$ 92

**Total Assets** **\$ 92**

**Liabilities, Deferred Inflows and Fund Balance**

Fund Balance  
Restricted for Debt Service \$ 92

**Total Liabilities, Deferred Inflows and Fund Balance** **\$ 92**

**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, 2022**

**Revenues**

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

**Expenditures**

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

**Other Financing Sources (Uses)**

Bond Issuance Costs	(3,234)
Transfer from Other Funds	45,889
Transfer to Other Funds	<u>(42,563)</u>
Total Other Financing Sources (Uses)	<u>          92</u>

<b>Net Change in Fund Balance</b>	<b>92</b>
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Restricted Fund Balance, Beginning of Year	<u>          -</u>
--	--------------------

Restricted Fund Balance, End of Year	<u><u>          92</u></u>
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## ***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, 2022**

	Adjusted Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>			
Charges for Services			
Service Charges	\$ 4,463,536	\$ 5,012,549	\$ 549,013
Taps	25,000	11,307	(13,693)
Penalties	90,000	103,765	13,765
Other Fees and Charges	44,000	68,169	24,169
Water Park	1,341,000	1,734,552	393,552
Concessions	69,500	64,830	(4,670)
Miscellaneous	1,021,816	(441)	(1,022,257)
Tower Leases	105,000	107,813	2,813
	<u>7,159,852</u>	<u>#REF!</u>	<u>#REF!</u>
<b>Operating Expenses</b>			
Advertising	80,000	15,374	64,626
Bad Debt Recovery	-	4,737	(4,737)
Contract Services	1,130,864	1,195,760	(64,896)
Depreciation	745,036	1,484,530	(739,494)
Dues and Subscriptions	2,000	1,769	231
Employee Benefits	195,061	112,865	82,196
Equipment	50,000	6,337	43,663
Food	132,000	202,382	(70,382)
Grant Match	638,107	28,393	609,714
Insurance	349,848	338,563	11,285
Legal and Professional	114,700	134,132	(19,432)
Miscellaneous	23,000	22,090	910
Office Supplies	11,000	11,779	(779)
Payroll Taxes	103,343	91,287	12,056
Postage	16,800	19,870	(3,070)
Repairs and Maintenance	201,600	213,638	(12,038)
Salaries	871,161	798,720	72,441
Supplies	245,000	217,535	27,465
System Repairs and Maintenance	378,000	270,387	107,613
Telephone	17,340	26,221	(8,881)
Training	17,700	14,697	3,003
Uniforms	22,900	14,411	8,489
Utilities	91,000	121,501	(30,501)
Vehicle Expense	56,000	76,438	(20,438)
Water Testing Fees	25,000	21,396	3,604
	<u>5,517,460</u>	<u>5,444,812</u>	<u>72,648</u>
<b>Operating Income (Loss)</b>	<u>1,642,392</u>	<u>#REF!</u>	<u>#REF!</u>
<b>Non-Operating Income (Expense)</b>			
Investment Income	200	528	328
Interest Expense	(602,139)	(602,139)	-
Lease Principal Payments	-	(20,036)	(20,036)
	<u>(601,939)</u>	<u>(621,647)</u>	<u>(19,708)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>1,040,453</u>	<u>#REF!</u>	<u>#REF!</u>
Operating Transfers In	109,403	862,988	753,585
Operating Transfers (Out)	(1,449,855)	(1,452,845)	(2,990)
<b>Change in Net Position</b>	(299,999)	#REF!	#REF!
<b>Net Position, Beginning of Year, Restated</b>	<u>17,838,103</u>	<u>17,838,103</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ 17,538,104</u>	<u>#REF!</u>	<u>#REF!</u>

***COMPLIANCE SECTION***

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Passed through SC Emergency Management Division:			
Hazard Mitigation Grant	97.039	SC Emergency Management Division, 4286-DR-SC	\$ <u>72,405</u>
<b>Total U.S. Department of Homeland Security</b>			<u>72,405</u>
<b>U.S. Department of Transportation Federal Aviation Administration</b>			
Direct Program:			
Airport Improvement Program	20.106		<u>79,877</u>
<i>Total U.S. Department of Transportation</i>			<u>79,877</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Program:			
Community Development Block Grant/State's program and Non- Entitlement Grants in Hawaii	14.228		<u>278,559</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>278,559</u>
<b>U.S. Department of the Treasury</b>			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		* <u>503,376</u>
<i>Total U.S. Department of the Treasury</i>			<u>503,376</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 934,217</u>

\* Tested as Major Program

**CITY OF HARTSVILLE, SOUTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2022**

- 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, 2022. 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.



# SHEHEEN, HANCOCK & GODWIN, LLP

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December 21, 2022

## 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, 2022, 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 December 21, 2022.

### Report on Internal Control Over Financial Reporting

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

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

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

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

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

### **Purpose of this Report**

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

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock & Godwin, LLP  
Camden, South Carolina

**SHEHEEN, HANCOCK & GODWIN, LLP**

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December 21, 2022

**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**

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

We have audited the City of Hartsville, South Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of City of Hartsville, South Carolina's major federal programs for the year ended June 30, 2022. City of Hartsville, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

determination of City of Hartsville, South Carolina's compliance with the compliance requirements referred to above.

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

*compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Sheheen, Hancock & Godwin, LLP*

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, 2022**

**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 Treasury**  
Coronavirus State and Local Fiscal Recovery Funds
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, 2022**  
**(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, 2022**

**A. FINDINGS – FINANCIAL STATEMENTS AUDIT**

NONE