CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2022

WITH

INDEPENDENT AUDITORS' REPORT

CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDEND JUNE 30, 2022

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THE BRITTINGHAM GROUP, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090
FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
Of City Council
City of Darlington, South Carolina
400 Pearl Street
Darlington, South Carolina 29532

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our 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 opinion.

Change in Accounting Principle

As described in *Note 11* 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'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 and 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 of the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 41 and the Schedule of South Carolina Retirement Systems Contributions on page 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Government 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Court Fines, Fees, Assessments and Surcharges and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 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 Schedule of Court Fines, Fees, Assessments and Surcharges and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
January 27, 2023

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	$ 4,558,979	$ 2,009,200	$ 6,568,179
Cash and cash equivalents - restricted	235,008	492,167	727,175
Accounts receivable, net	181,656	504,076	685,732
Property tax receivables, net	63,988	-	63,988
Internal balances	353,419	(353,419)	-
Due from other governments	448,041	639,683	1,087,724
Prepaid Insurance	134,003	18,362	152,365
Inventory of supplies at cost	-	30,171	30,171
Capital assets:			
Non-depreciable	1,446,083	1,169,475	2,615,558
Depreciable, net	2,972,684	10,308,487	13,281,171
Total assets	10,393,861	14,818,202	25,212,063
Deferred outflows of resources			
Deferred pension outflows	1,137,657	150,147	1,287,804
Total assets and deferred outflows of resources	11,531,518	14,968,349	26,499,867
Liabilities			
Accounts payable	234,423	425,245	659,668
Accrued payroll and related withholdings	55,058	7,519	62,577
Unearned revenue	540,512	34,205	574,717
Deposits payable	8,468	7,780	16,248
Accrued interest payable	-	54,185	54,185
Retainage payable	-	71,252	71,252
Long-term liabilities:			
Current portion	753,125	365,612	1,118,737
Noncurrent portion	2,762,740	3,694,465	6,457,205
Net pension liability	5,761,853	892,877	6,654,730
Total liabilities	10,116,179	5,553,140	15,669,319
Deferred inflows of resources			
Deferred pension inflows	1,533,052	204,770	1,737,822
Total liabilities and deferred inflows of resources	11,649,231	5,757,910	17,407,141
Net position			
Net investment in capital assets	811,376	7,428,057	8,239,433
Restricted	1,776,963	492,167	2,269,130
Unrestricted - unfunded pension obligation	(6,157,248)	(947,500)	(7,104,748)
Unrestricted - other	3,451,196	2,237,715	5,688,911
Total net position	$ (117,713)	$ 9,210,439	$ 9,092,726

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
General government	$ 1,209,951	$ 27,375	$ 994,531	$ -	$ (188,045)	$ -	$ (188,045)
Public safety	4,302,149	208,560	416,078	149,727	(3,527,784)	-	(3,527,784)
Streets and sanitation	1,761,723	1,365,690	-	-	(396,033)	-	(396,033)
Culture and recreation	716,372	79,531	24,906	7,200	(604,735)	-	(604,735)
Interest	88,412	-	-	-	(88,412)	-	(88,412)
Non-departmental	79,090	-	-	-	(79,090)	-	(79,090)
Total governmental activities	8,157,697	1,681,156	1,435,515	156,927	(4,884,099)	-	(4,884,099)
Business-type activities							
Water and sewer charges	2,606,507	3,123,393	-	1,189,072	-	1,705,958	1,705,958
Stormwater services	244,103	232,826	-	-	-	(11,277)	(11,277)
Total business-type activities	2,850,610	3,356,219	-	1,189,072	-	1,694,681	1,694,681
Total primary government	$ 11,008,307	$ 5,037,375	$ 1,435,515	$ 1,345,999	(4,884,099)	1,694,681	(3,189,418)
General revenues and transfers:							
General revenues:							
Property taxes					3,248,250	-	3,248,250
Hospitality taxes					437,654	-	437,654
Accommodations taxes					29,823	-	29,823
Utility franchise fees					616,282	-	616,282
Business license fees					1,638,961	-	1,638,961
State aid to subdivisions					139,332	-	139,332
Miscellaneous					46,453	4,427	50,880
Unrestricted investment earnings					3,699	1,725	5,424
Transfers					(682,597)	682,597	-
Total general revenues and transfers					5,477,857	688,749	6,166,606
Change in net position					593,758	2,383,430	2,977,188
Net position, at beginning of year					(711,471)	6,827,009	6,115,538
Net position, end of year					$ (117,713)	$ 9,210,439	$ 9,092,726

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Capital Projects Fund	Hospitality Tax Special Revenue Fund	Victim's Assistance Special Revenue Fund	Municipal Court Fund	American Rescue Plan Act Fund	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 2,505,049	$ -	$ 1,485,796	$ 4,673	$ 57,031	$ 506,430	$ 4,558,979
Cash and cash equivalents - restricted	-	235,008	-	-	-	-	235,008
Accounts receivable	143,062	-	38,594	-	-	-	181,656
Property tax receivables, net	63,988	-	-	-	-	-	63,988
Due from other governments	448,041	-	-	-	-	-	448,041
Due from other funds	375,610	-	-	855	-	-	376,465
Prepaid insurance	134,003	-	-	-	-	-	134,003
Total assets	3,669,753	235,008	1,524,390	5,528	57,031	506,430	5,998,140
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable	219,219	-	15,204	-	-	-	234,423
Accrued payroll and related withholdings	55,058	-	-	-	-	-	55,058
Unearned revenues	34,082	-	-	-	-	506,430	540,512
Due to other funds	855	-	-	4,436	17,755	-	23,046
Deposits payable	8,468	-	-	-	-	-	8,468
Total liabilities	317,682	-	15,204	4,436	17,755	506,430	861,507
Deferred Inflow of Resources							
Unavailable revenue - property taxes	17,587	-	-	-	-	-	17,587
Total deferred inflow of resources	17,587	-	-	-	-	-	17,587
Fund Balances							
Restricted	31,677	235,008	1,509,186	1,092	-	-	1,776,963
Unassigned	3,302,807	-	-	-	39,276	-	3,342,083
Total fund balances	3,334,484	235,008	1,509,186	1,092	39,276	-	5,119,046
Total liabilities and fund balances	$ 3,669,753	$ 235,008	$ 1,524,390	$ 5,528	$ 57,031	$ 506,430	$ 5,998,140

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2022

Total fund balances - governmental funds		$ 5,119,046
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Capital assets, cost	$ 10,198,319	
Accumulated depreciation	(5,779,552)	
		4,418,767
Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period expenditures, and therefore, are reported as deferred inflow in the funds.		17,587
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Compensated absences	(324,030)	
Capital leases	(627,389)	
Notes payable	(293,968)	
Revenue bonds	(1,344,000)	
General obligation bonds	(926,478)	
		(3,515,865)
Net pension obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.		(5,761,853)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	1,137,657	
Deferred inflows of resources related to pensions	(1,533,052)	
		(395,395)
Net position of governmental activities		$ (117,713)

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Hospitality Tax Special Revenue Fund	Victim's Assistance Special Revenue Fund	Municipal Court Fund	American Rescue Plan Act Fund	Total Governmental Funds
Revenues							
Property and other taxes	$ 3,275,107	$ -	$ 437,654	$ -	$ -	$ -	$ 3,712,761
Licenses and permits	2,255,243	-	-	-	-	-	2,255,243
Intergovernmental	347,892	-	-	-	-	-	347,892
Charges for services	1,441,598	-	-	-	-	-	1,441,598
Grant revenue	179,291	-	-	-	-	972,166	1,151,457
Fines and forfeitures	156,347	-	-	12,128	206,508	-	374,983
Interest	1,452	673	1,054	24	-	496	3,699
Miscellaneous	112,454	-	-	-	-	-	112,454
Rental income	30,998	-	-	-	-	-	30,998
Total revenues	7,800,382	673	438,708	12,152	206,508	972,662	9,431,085
Expenditures							
Current:							
General government	70,685	-	-	-	-	-	70,685
Municipal court	156,795	-	-	-	203,337	-	360,132
Legal	52,374	-	-	-	-	-	52,374
Community promotions	20,750	-	108,677	-	-	-	129,427
Accommodations	557	-	-	-	-	-	557
Administration	493,572	-	-	-	-	-	493,572
Public buildings	117,642	-	-	-	-	-	117,642
Planning and grants	178,703	-	-	-	-	-	178,703
Police department	2,800,757	-	-	11,060	-	-	2,811,817
Fire department	1,018,168	-	-	-	-	-	1,018,168
Inspections	136,086	-	-	-	-	-	136,086
Street maintenance	822,227	-	-	-	-	-	822,227
Sanitation and trash	722,152	-	-	-	-	-	722,152
Garage	74,187	-	-	-	-	-	74,187
Recreation	397,278	-	-	-	-	-	397,278
Parks	22,807	-	-	-	-	-	22,807
Registrations	79,260	-	-	-	-	-	79,260
Non-departmental	61,598	8,101	-	-	-	-	69,699
Capital outlay	102,668	39,300	20,000	-	-	73,520	235,488
Debt service:							
Principal	298,561	-	117,000	-	-	-	415,561
Interest and fiscal charges	51,303	-	37,109	-	-	-	88,412
Total expenditures	7,678,130	47,401	282,786	11,060	203,337	73,520	8,296,234
(Deficit) of revenues (under) expenditures	122,252	(46,728)	155,922	1,092	3,171	899,142	1,134,851
Other Financing Sources							
Transfers	180,440	(461,845)	461,845	-	36,105	(899,142)	(682,597)
Total other financing sources	180,440	(461,845)	461,845	-	36,105	(899,142)	(682,597)
Net change in fund balance	302,692	(508,573)	617,767	1,092	39,276	-	452,254
Fund balance, beginning of year	3,031,792	743,581	891,419	-	-	-	4,666,792
Fund balance, end of year	$ 3,334,484	$ 235,008	$ 1,509,186	$ 1,092	$ 39,276	$ -	$ 5,119,046

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental funds		$ 452,254
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Some property taxes will not be collected for several months after the City's fiscal year end. They are not considered "available" revenue and are deferred in the governmental funds. Grant revenue and tax revenues decreased by this amount.		2,965
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Acquisition of capital assets	$ 235,488	
Depreciation	(488,523)	
Net change in capital assets		(253,035)
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of debt and related items is as follows:		
Principal repayments		415,561
Pension expense which is not "due and payable" at year end is not recorded as an expense in the governmental funds. However, all pension expense accrued at year end no matter when it may be due and payable is recorded in the government wide statements.		14,252
In the Statement of Activities, compensated absences are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used.		(38,239)
Change in net position of governmental activities		$ 593,758

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property and other taxes	$ 3,163,441	$ 3,163,441	$ 3,275,107	$ 111,666
Licenses and permits	2,122,025	2,122,025	2,255,243	133,218
Intergovernmental	420,000	420,000	347,892	(72,108)
Charges for services	1,366,000	1,366,000	1,441,598	75,598
Grant revenue	50,000	50,000	179,291	129,291
Fines and forfeitures	125,000	125,000	156,347	31,347
Interest	1,500	1,500	1,452	(48)
Miscellaneous	27,639	27,639	112,454	84,815
Rental income	21,800	21,800	30,998	9,198
Total revenue	7,297,405	7,297,405	7,800,382	502,977
Expenditures				
Current				
General government	69,522	69,522	70,685	(1,163)
Municipal court	144,053	144,053	156,795	(12,742)
Legal	50,000	50,000	52,374	(2,374)
Community promotions	21,675	21,675	20,750	925
Accommodations	-	-	557	(557)
Administration	450,610	450,610	493,572	(42,962)
Public buildings	277,480	277,480	117,642	159,838
Planning and grants	202,030	202,030	178,703	23,327
Police department	2,649,271	2,649,271	2,800,757	(151,486)
Fire department	946,526	946,526	1,018,168	(71,642)
Inspections	158,947	158,947	136,086	22,861
Street maintenance	989,852	989,852	822,227	167,625
Sanitation and trash	802,096	802,096	722,152	79,944
Garage	78,547	78,547	74,187	4,360
Recreation	401,896	401,896	397,278	4,618
Parks	12,400	12,400	22,807	(10,407)
Registrations	29,000	29,000	79,260	(50,260)
Non-departmental	63,500	63,500	61,598	1,902
Capital outlay	-	-	102,668	(102,668)
Debt service	-	-	349,864	(349,864)
Total expenditures	7,347,405	7,347,405	7,678,130	(330,725)
(Deficit) of revenues (under) expenditures	(50,000)	(50,000)	122,252	172,252
Other financing sources				
Proceeds from sale of capital assets	50,000	50,000	-	(50,000)
Transfers	-	-	180,440	180,440
Total other financing sources	50,000	50,000	180,440	180,440
Net change in fund balance	$ -	$ -	302,692	$ 302,692
Fund balance, beginning of year			3,031,792	
Fund balance, end of year			$ 3,334,484	

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2022

	Water and Sewer Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,910,422	$ 98,778	$ 2,009,200
Cash and cash equivalents - restricted	492,167	-	492,167
Accounts receivable, net	475,193	28,883	504,076
Due from other governments	639,683	-	639,683
Due from other funds	-	29,640	29,640
Prepaid insurance	18,362	-	18,362
Inventory of supplies at cost	30,171	-	30,171
Non-current assets			
Capital assets, not being depreciated	1,136,925	32,550	1,169,475
Capital assets, being depreciated, net	7,770,565	2,537,922	10,308,487
Total assets	12,473,488	2,727,773	15,201,261
Deferred outflows of resources			
Deferred pension outflows	150,147	-	150,147
Total assets and deferred outflows of resources	12,623,635	2,727,773	15,351,408
Liabilities			
Current liabilities			
Accounts payable	423,445	1,800	425,245
Accrued payroll and benefits	7,519	-	7,519
Accrued interest payable	34,828	19,357	54,185
Accrued compensated absences	10,172	-	10,172
Unearned revenue	34,205	-	34,205
Retainage payable	71,252	-	71,252
Due to other funds	383,059	-	383,059
Current portion of long term debt	262,440	93,000	355,440
Non-current liabilities			
Deposits payable	7,780	-	7,780
Net pension liability	892,877	-	892,877
Obligations under capital leases	246,017	-	246,017
Notes payable	230,787	-	230,787
Revenue bonds payable	1,232,661	1,985,000	3,217,661
Total liabilities	3,837,042	2,099,157	5,936,199
Deferred inflows of resources			
Deferred pension inflows	204,770	-	204,770
Total liabilities and deferred inflows of resources	4,041,812	2,099,157	6,140,969
Net position			
Net investment in capital assets	6,935,585	492,472	7,428,057
Restricted - debt service	492,167	-	492,167
Unrestricted - unfunded pension obligation	(947,500)	-	(947,500)
Unrestricted - other	2,101,571	136,144	2,237,715
Total net position	$ 8,581,823	$ 628,616	$ 9,210,439

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenue			
Service revenue	$ 3,123,393	$ 232,826	$ 3,356,219
Total operating revenue	3,123,393	232,826	3,356,219
Operating expenses			
Water distribution	972,599	-	972,599
Sewer maintenance and collection	703,914	-	703,914
Sewer treatment	305,110	-	305,110
Stormwater operations	75	-	75
Depreciation expense	580,314	150,529	730,843
Total operating expenses	2,562,012	150,529	2,712,541
Operating income	561,381	82,297	643,678
Nonoperating revenue (expenses)			
Interest earnings	1,725	-	1,725
Miscellaneous income	4,427	-	4,427
Interest expense	(44,495)	(93,574)	(138,069)
Total nonoperating revenue (expense)	(38,343)	(93,574)	(131,917)
Income (loss) before capital contributions and transfers	523,038	(11,277)	511,761
Capital grants, contributions and transfers			
Capital grants	1,092,755	-	1,092,755
Capital contributions	96,317	-	96,317
Transfers	712,597	(30,000)	682,597
Total capital grants, contributions and transfers	1,901,669	(30,000)	1,871,669
Change in net position	2,424,707	(41,277)	2,383,430
Total net position, beginning	6,157,116	669,893	6,827,009
Total net position, ending	$ 8,581,823	$ 628,616	$ 9,210,439

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 2,943,069	$ 223,489	$ 3,166,558
Cash paid to employees	(451,291)	-	(451,291)
Cash paid to suppliers	(2,007,014)	(931)	(2,007,945)
Net cash provided by operating activities	484,764	222,558	707,322
Cash flows from non-capital financing activities			
Other nonoperating revenues	4,427	-	4,427
Transfers	712,597	(30,000)	682,597
Net cash provided by (used in) noncapital financing activities	717,024	(30,000)	687,024
Cash flows from capital and related financing activities			
Capital grants and contributions	1,189,072	-	1,189,072
Purchase of capital assets	(892,794)	(1,800)	(894,594)
Principal paid on long-term debt	(254,678)	(90,000)	(344,678)
Interest paid on long-term debt	(53,504)	(92,140)	(145,644)
Net cash provided by (used in) capital and related financing activities	(11,904)	(183,940)	(195,844)
Cash flows from investing activities			
Interest income	1,725	-	1,725
Net cash provided by investing activities	1,725	-	1,725
Net increase in cash and cash equivalents	1,191,609	8,618	1,200,227
Cash and cash equivalents, beginning	1,210,980	90,160	1,301,140
Cash and cash equivalents, ending	$ 2,402,589	$ 98,778	2,501,367
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and cash equivalents	$ 1,910,422	$ 98,778	$ 2,009,200
Restricted cash and cash equivalents	492,167	-	492,167
Total cash and cash equivalents	$ 2,402,589	$ 98,778	$ 2,501,367

(CONTINUED)

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

-CONTINUED-

	Water and Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ 561,381	$ 82,297	$ 643,678
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	580,314	150,529	730,843
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	(180,324)	(9,337)	(189,661)
(Increase) decrease in prepaid insurance	(3,259)	-	(3,259)
(Increase) decrease in inventory	(12,572)	-	(12,572)
(Increase) decrease in due from other governments	(639,683)		(639,683)
(Increase) decrease in due from other funds	-	(2,731)	(2,731)
(Increase) decrease in deferred pension outflows	78,234	-	78,234
Increase (decrease) in due to other funds	(4,089)	-	(4,089)
Increase (decrease) in accounts payable	327,373	1,800	329,173
Increase (decrease) in accrued payroll and benefits	(8,908)	-	(8,908)
Increase (decrease) in retainage payable	13,585	-	13,585
Increase (decrease) in deposits payable	(320)	-	(320)
Increase (decrease) in unearned revenue	12,222	-	12,222
Increase (decrease) in accrued compensated absences	(12,865)	-	(12,865)
Increase (decrease) in deferred pension inflows	147,345	-	147,345
Increase (decrease) in net pension liability	(373,670)	-	(373,670)
Net cash provided by operating activities	$ 484,764	$ 222,558	$ 707,322

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND

JUNE 30, 2022

	Fireman's Fund
Assets	
Cash and cash equivalents	$ 33,182
Total assets	33,182
Net Position	
Funds held in trust for individuals, organizations, and other governments	33,182
Total net position	$ 33,182

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2022

	Fireman's Fund
Additions	
Brokers premium tax	$ 30,261
Interest	48
Total additions	30,309
Deductions	
Membership dues	4,467
Insurance	14,266
Supplies	3,130
Other expenses	14,144
Total deductions	36,007
Change in net position	(5,698)
Net position, beginning of year	38,880
Net position, end of year	$ 33,182

1. Summary of Significant Accounting Policies

The City of Darlington, South Carolina (the "City") was founded in 1835 and chartered by the South Carolina General Assembly the same year. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and code enforcement), parks and recreation, streets and sanitation, planning and development, water and sewer, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. These statements distinguish between the City's *governmental* and *business-type activities.* Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties' finance, in whole or in part, the business-type activities. All of the City's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

Statement of Activities

The statement of activities presents a comparison between direct expenses and program revenues for the 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.

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The City classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its governmental funds and proprietary fund. The City presents separate statements for each fund category-governmental and proprietary.

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1. Summary of Significant Accounting Policies (continued)

Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The City generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the City classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The City reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The City's funds are classified into three categories – governmental, proprietary, and fiduciary.

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund accounts for all capital improvements, except those accounted for in Proprietary Funds, financed by the City's general obligation and revenue bond issues, certain federal grants, and other specific receipts.

Hospitality Tax Fund - The Hospitality Tax Fund accounts for the local 2% gross sales tax on prepared food and beverages sold in food and beverage establishments located in the City. Expenditures from this fund must be used to promote tourism.

Victim's Assistance Fund - The Victim's Assistance Fund accounts for funds collected under Section 14 of the South Carolina Code of Laws. The funds must be used for the purpose of providing services to victims of crimes.

1. Summary of Significant Accounting Policies (continued)

Municipal Court Fund - The Municipal Court Fund accounts for funds collected and associated expenditures related to the City's court proceedings.

American Rescue Plan Act Fund - The American Rescue Plan Act Fund accounts for funds received from the American Rescue Plan Act allocation in response to the public health emergency related to COVID-19 and associated expenditures.

Proprietary Funds

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

Fiduciary Funds

Agency Funds – Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds consist of the Firemen's Fund. The Firemen's Fund is used to account for monies received from a specific source and can only be used to pay for non-budgeted, non-capital expenditures at the discretion of the Fire department head.

Accrual Basis

The City uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the City generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The City recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The City uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual-that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

1. Summary of Significant Accounting Policies (continued)

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents

Cash includes amounts held in demand deposits. For the purpose of the statement of cash flows, the City considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents.

Investments

The City is authorized by state statutes to invest in obligations of the United States and agencies thereof, general obligations of the state of South Carolina or any of its political units, savings and loan associations to the extent insured by an agency of the federal government, certificates of deposit, repurchase agreements insured by the federal government or collaterally secured as provided by statutes, and no-load open-end or closed-end management type investment companies or investment trusts as described within the relevant statutes. The City may also invest in the South Carolina Pooled Investment Fund as provided by law.

The City has not adopted formal investment policies that supplement or limit those prescribed by state statutes, nor has the City specifically addresses deposits or credit risks to which it might be exposed if it invested in the allowed instruments. The City does not invest funds except in simple interest depository accounts and insured certificates of deposit.

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Property tax receivables are shown net of an allowance for uncollectible. The City establishes an allowance for all property taxes that did not arise from the latest tax levy year. For collection purposes, taxes receivable are written off at the end of 10 years in accordance with South Carolina law.

All other levies are recognized as revenue on the government-wide financial statements, while all those not collected within 60 days are recorded as deferred inflows on the governmental fund statements.

Enterprise fund receivables arise from billed and unbilled services. They are shown net of amounts estimated to be uncollectible. The allowance is estimated on the basis of the average receipts over the prior 12 months.

Loans receivable in the government funds consist of economic development loans that are generally not expected or scheduled to be collected in the subsequent year. City management has determined an allowance is not needed.

Short-Term Interfund Receivables/Payables

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 their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Inventory

Inventory in the water and sewer fund consists of parts and other supplies consumed in the maintenance of water and sewer lines and facilities. Inventories are recorded as an expenditure/expense when consumed rather than when purchased. Inventories are valued at cost, which approximate market, using the first-in, first-out method.

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets purchased or acquired with an original cost of $5,000 or more or reported at historical cost or estimated historical cost based on replacement costs. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated assets received after June 15, 2015 are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an assets are also capitalized.

1. Summary of Significant Accounting Policies (continued)

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Infrastructure	20-50 years
Buildings	15-40 years
Improvements	5-40 years
Equipment	3-15 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Compensated Absences

The City permits employees to accumulate earned but unused vacation, up to 30 days, and sick pay benefits, up to 180 days. Sick leave does not vest and is not a liability of the City when employees separate from service ore retire. All accumulated vacation pay is accrued when incurred in the government wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured and are currently payable.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS), and additions to/deductions from the SCRS and PORS fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, plan member contributions are recognized in the periods in which the contributions are due. The City's employer contributions are recognized when due and there is a legal requirement to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of SCRS and PORS.

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows of resources in the amount of $1,287,804 as of June 30, 2022.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reports deferred inflows of resources in the amount of $1,737,822 as of June 30, 2022.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The City reports a portion of its net position or fund balance in its government-wide and fund financial statements as restricted net position - spendable. Net position or fund balance for governmental funds is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2022, $2,269,130 was reported as restricted net position.

Unrestricted net position - All other net position that do not meet the definition of "restricted," or "invested in capital assets."

1. Summary of Significant Accounting Policies (continued)

Fund balance is reported as assigned if the fund balance is constrained by the government's intent to use the funds for a specific purpose. The City reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process. As of June 30, 2022, the City reported no assigned fund balances.

Fund balance is reported as restricted fund balance if the fund balance is restricted for use by an outside party. As of June 30, 2022, the City reported $1,776,963 as restricted fund balances.

Fund balance is reported as committed if amounts have been committed through the appropriations process. As of June 30, 2022, the City reported no committed fund balances.

Unassigned fund balance – All other fund balances that do not meet the definition of "restricted," "assigned," or "committed".

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as program revenues include: 1) charges to customers and applicants for goods, services, or privileges provided by a given function or segment; and 2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes on real and personal property, other than licenses motor vehicles, are levied on July 1 based on the assessed value of property lists on the previous January 1. Periodic revaluation of all real property is made in accordance with state statues. The last revaluation date was December 31, 2019. Property taxes are due January 15 after which time penalties accrue. At March 15, delinquent costs accrue, and uncollected taxes are assigned into execution for collection.

Sales taxes – By referendum, the City has adopted the provisions of state statues which allow the collection of a 1% sales tax on essentially all consumer goods sold at retail within the City. The state collects the revenue and distributes it monthly to the City. By ordinance, the City has decreed that all monies received will be used to reduce *ad valorem* taxes. Revenue received in excess of property tax reductions is recorded as a deferred inflow.

1. Summary of Significant Accounting Policies (continued)

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund operating revenue includes "exchange" and "exchange-like" transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. In an exchange-like transaction, the values exchanged may not be equal or the direct benefits may not be exclusively for the parties to the transaction.

The City's Water and Sewer and Stormwater funds consider exchange transactions (fees for services) to be operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenue includes grants, investment earnings, and other non-exchange transactions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Combined Utilities Fund.

2. The combined statement of revenues, expenditures and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.

3. Unused appropriations lapse at the end of the year.

4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

5. Expenditures should not exceed budgeted appropriations at the fund level.

2. Legal Compliance - Budgets (continued)

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the City Council.

Actual revenues exceeded budgeted revenues by $502,977. Actual expenditures exceeded budgeted expenditures by $330,725.

3. Deposits & Investments

At June 30, 2022, the carrying amount of the City's unrestricted and restricted deposits totaled $7,295,354, and the bank balance was $7,398,618, of which all, is covered by either federal depository insurance, or is properly collateralized in accordance with State law.

4. Receivables

Receivables at June 30, 2022, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Government revenue	$ 448,041	$ 639,683	$ 1,087,724
Proprety taxes	108,436	-	108,436
Utility service billings	143,062	659,970	803,032
Other	38,594	-	38,594
Gross receivables	738,133	1,299,653	2,037,786
Less, allowance for uncollectibles	(44,448)	(155,894)	(200,342)
Net receivables	$ 693,685	$ 1,143,759	$ 1,837,444

5. Interfund Receivables and Payables

	Receivables	Payables	Total
General fund	$ 375,610	$ 855	$ 376,465
Victim's assistance fund	855	4,436	5,291
Municipal court fund	-	17,755	17,755
Water and sewer fund	-	383,059	383,059
Stormwater fund	29,640	-	29,640
Total	$ 406,105	$ 406,105	$ 812,210

6. Capital Assets

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

Governmental activities

	Beginning Balances	Increase	Decrease	Ending Balances
Capital assets, not being depreciated				
Land and improvements	$ 868,652	$ -	$ -	$ 868,652
Construction in progress	492,456	84,975	-	577,431
Total capital assets, not being depreciated	1,361,108	84,975	-	1,446,083
Capital assets, being depreciated				
Infrastructure	1,121,465	-	-	1,121,465
Buildings and Improvements	3,646,145	-	-	3,646,145
Equipment	3,834,113	150,513	-	3,984,626
Total capital assets, being depreciated	8,601,723	150,513	-	8,752,236
Less: Accumulated depreciation for:				
Infrastructure	(728,972)	(54,999)	-	(783,971)
Buildings and Improvements	(2,074,512)	(126,394)	-	(2,200,906)
Equipment	(2,487,545)	(307,130)	-	(2,794,675)
Total accumulated depreciation	(5,291,029)	(488,523)	-	(5,779,552)
Total capital assets, being depreciated, net	3,310,694	(338,010)	-	2,972,684
Governmental activities capital assets, net	$ 4,671,802	$ (253,035)	$ -	$ 4,418,767

6. Capital Assets (continued)

Business-type activities

	Beginning Balances	Increase	Decrease	Ending Balances
Capital assets, not being depreciated				
Land and improvements	$ 227,269	$ -	$ -	$ 227,269
Construction in progress	1,037,773	894,594	(990,161)	942,206
Total capital assets, not being depreciated	1,265,042	894,594	(990,161)	1,169,475
Capital assets, being depreciated				
Building and improvements	6,806,698	-	-	6,806,698
Water and sewer lines	15,051,490	953,563	-	16,005,053
Equipment	1,595,442	36,598	-	1,632,040
Total capital assets, being depreciated	23,453,630	990,161	-	24,443,791
Less: Accumulated depreciation for:				
Building and improvements	(5,135,775)	(110,637)	-	(5,246,412)
Water and sewer lines	(7,247,773)	(508,498)	-	(7,756,271)
Equipment	(1,020,913)	(111,708)	-	(1,132,621)
Total accumulated depreciation	(13,404,461)	(730,843)	-	(14,135,304)
Total capital assets, being depreciated, net	10,049,169	259,318	-	10,308,487
Governmental activities capital assets, net	$ 11,314,211	$ 1,153,912	$ (990,161)	$ 11,477,962

Depreciation expense was charged to each function as follows:

Governmental activities:	
General government	$ 129,217
Public safety	177,622
Public works	107,417
Culture and recreation	74,267
Total depreciation - governmental activities	$ 488,523
Business type activities:	
Water and sewer	$ 580,314
Stormwater	150,529
Total depreciation - business type activities	$ 730,843

7. Pension Plan

South Carolina Retirement System

The majority of employees of the City are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains six independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR is publicly available through the Retirement Benefit's link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by writing to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, the retirement fund financial information is also included in the comprehensive annual financial report of the state.

Under the 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.

Effective July 1, 2017, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 16.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 16.41% and 0.15% contribution rate for the incidental death program. The City's contributions for the years ended June 30, 2022, 2021 and 2020 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Base	Incidental Death	Total	Base	Incidental Death	Total
2022	16.41%	0.15%	16.56%	$ 308,166	$ 2,817	$ 310,983
2021	15.41%	0.15%	15.56%	$ 289,571	$ 2,819	$ 292,390
2020	15.41%	0.15%	15.56%	$ 303,323	$ 2,953	$ 306,276

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order, protect life and property, detect crimes in the state, or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the 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.

7. Pension Plan (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.

Effective July 1, 2017, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 19.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 18.84% and .20% for the incidental death program and .20% for the accidental death program.

The City's contributions for the years ended June 30, 2022, 2021 and 2020 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
		Incidental			Incidental	
	Base	Death	Total	Base	Death	Total
2022	18.84%	0.40%	19.24%	$ 333,554	$ 7,082	$ 340,636
2021	17.84%	0.40%	18.24%	$ 318,756	$ 7,146	$ 325,902
2020	17.84%	0.40%	18.24%	$ 340,345	$ 7,632	$ 347,977

The amounts paid by the City for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. 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 for first use in the July 1, 2021 actuarial valuation. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2022, the City reported $3,597,492 and $3,057,238 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2020 actuarial valuations, using membership data as of July 1, 2020, projected forward to June 30, 2021, and financial information of the pension trust funds as of June 30, 2021, using generally accepted actuarial procedures. The City's portion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the City's SCRS proportion was 0.016623% and its PORS proportion was 0.11882%.

7. Pension Plan (continued)

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

Deferred Outflows of Resources	**SCRS**	**PORS**
Differences between expected and actual experience	$ 61,279	$ 104,005
Assumption Changes	196,915	218,057
Differences between employer contributions and proportionate share	43,358	12,571
Contributions made subsequent to the measurement date	310,983	340,636
Total deferred outflows of resources	612,535	675,269
Deferred Inflows of Resources		
Differences between expected and actual experience	4,855	9,521
Net difference between projected and actual investment earnings	522,584	685,419
Differences between employer contributions and proportionate share	297,600	217,843
Total deferred inflows of resources	825,039	912,783
Net deferred outflows/(inflows)	$ (212,504)	$ (237,514)

$310,983 and $340,636 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended June 30,	**SCRS**	**PORS**	**Net**
2023	$ 273,469	$ 241,342	$ 514,811
2024	9,244	34,279	43,523
2025	45,231	60,053	105,284
2026	195,543	242,476	438,019
	$ 523,487	$ 578,150	$ 1,101,637

7. Pension Plan (continued)

The total pension liabilities in the July 1, 2020 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate or Return[1]	7%	7%
Projected Salary Increases	3.0% to 11.0% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

[1] *Includes inflation at 2.25%*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020. Assumption used in the determination of the June 30, 2021, SCRS and PORS valuations 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%

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

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

7. Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

The discount rate used to measure the total pension liability (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 Systems' 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.

The following table represents the City's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7 percent, as well as what the City's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Plan	1% Decrease 6%	Current Rate 7%	1% Increase 8%
SCRS	4,712,267	3,597,492	2,670,884
PORS	4,435,661	3,057,238	1,928,098

8. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2022 are as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
Governmental activities:					
Notes payable	$ 345,607	$ -	$ (51,639)	$ 293,968	$ 62,258
Capital leases	712,805	-	(85,416)	627,389	80,171
General obligation bonds	1,087,984	-	(161,506)	926,478	166,666
Revenue bond	1,461,000	-	(117,000)	1,344,000	120,000
Compensated abscences	285,791	38,239	-	324,030	324,030
	3,893,187	38,239	(415,561)	3,515,865	753,125
Business-Type activities:					
Notes payable	247,448	-	(8,276)	239,172	8,385
Capital leases	326,239	-	(40,215)	286,024	40,007
Revenue bonds	3,820,896	-	(296,187)	3,524,709	307,048
Compensated abscences	23,037	-	(12,865)	10,172	10,172
	4,417,620	-	(357,543)	4,060,077	365,612
Total	$ 8,310,807	$ 38,239	$ (773,104)	$ 7,575,942	$ 1,118,737

Payments on all governmental activity debt are made from either the general fund or the hospitality tax fund. All proprietary fund debt payments are made from the water and sewer fund. Compensated absences are liquidated by the funds paying employee compensation which include the general fund, victim's assistance fund, and the water and sewer fund.

8. Long-Term Debt (continued)

Notes Payable

Notes payable outstanding at June 30, 2022:

	Collateral	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:					
SC Office of Regulatory Staff	LED Lighting	$ 275,420	9/1/2027	1.50%	$ 170,146
Dixie Federal Credit Union	Vehicle	$ 36,015	10/11/2022	4.00%	3,212
Dixie Federal Credit Union	Vehicle	$ 35,967	10/11/2022	4.00%	3,217
Pee Dee Electric	Playground Equipment	$ 41,163	1/31/2027	1.00%	26,921
Carolina Bank	Fire Truck	$ 135,000	7/15/2024	2.50%	90,472
					$ 293,968
Business-Type activities:					
SC Water Quality Revolving Fund Authority	Sewer Lines	$ 284,491	11/1/2046	1.30%	$ 239,172

Revenue Bonds

In 2020, the City issued Series 2020 Waterworks and Sewer System Improvement Revenue Bonds in the amount of $620,000 to finance repairs to the City's water and sewer system. The Series 2020 bond is secured with a lien on the revenue of the City's water and sewer operations.

In 2018, the City issued Series 2018 Stormwater Revenue Refunding Bonds in the amount of $2,417,000 to refinance Series 2017 Stormwater Revenue Bonds to finance the construction of certain stormwater infrastructure. The Series 2018 bond is secured with a lien on the revenue of the City's stormwater operations.

In 2017, the City issued Series 2017 Revenue Bonds in the amount of $1,900,000 to renovated and build recreation sites in the City. The Series 2017 bond is secured with a lien on the revenue of the City's Hospitality Tax Fund.

In 2016, the City issued Series 2015 Water and Sewer Revenue Bonds in the amount of $1,789,000 to refund the Series 2010 Water and Sewer Revenue Bonds that were issued to finance the construction of certain water and sewer service facilities. The Series 2015 bond is secured with a lien on the revenue of the City's water and sewer operations.

8. Long-Term Debt (continued)

Revenue bonds outstanding at June 30, 2022:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,900,000	6/15/2032	2.54%	$ 1,344,000
Business-Type activities:				
Series 2015 - Water and Sewer Revenue Bond	$ 1,789,000	12/1/2026	2.38%	$ 870,709
Series 2018 - Stormwater Refunding Revenue Bond	$ 2,417,000	5/1/2038	4.25%	2,078,000
Series 2020 - Waterworks and Sewer System Improvement Revenue Bond	$ 620,000	12/1/2032	1.92%	576,000
				$ 3,524,709

General Obligation Bonds

In 2020, the City issued Series 2020 General Obligation Bonds in the amount of $400,000 to finance the paving of streets and making associated improvements within the City. The Series 2020 bond is secured by the full faith and credit of the City.

In 2017, the City issued Series 2016 General Obligation Bonds in the amount of $1,000,000 to finance the renovation of certain City owned buildings. The Series 2016 bond is secured by the full faith and credit of the City.

General obligation bonds outstanding at June 30, 2022:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,000,000	12/13/2026	2.18%	$ 579,413
Series 2020 - General Obligation Bond	$ 400,000	3/1/2028	1.49%	347,065
				$ 926,478

8. Long-Term Debt (continued)

Debt Service Requirements

Annual debt service requirements to maturity for the City's debt are as follows:

Governmental activities:

Year Ended	Notes payable		General Obligation Bonds	
June 30,	Principal	Interest	Principal	Interest
2023	$ 62,258	$ 6,726	$ 166,666	$ 17,802
2024	67,608	3,825	169,915	14,554
2025	67,852	3,522	173,228	11,240
2026	34,441	1,398	176,609	7,859
2027	32,389	911	180,057	4,411
Thereafter	29,420	441	60,003	894
	$ 293,968	$ 16,823	$ 926,478	$ 56,760

Year Ended	Revenue Bonds		Total Governmental Activities	
June 30,	Principal	Interest	Principal	Interest
2023	$ 120,000	$ 34,138	$ 348,924	$ 58,666
2024	123,000	31,090	360,523	49,469
2025	126,000	27,965	367,080	42,727
2026	129,000	24,765	340,050	34,022
2027	132,000	21,488	344,446	26,810
Thereafter	714,000	55,296	803,423	56,631
	$ 1,344,000	$ 194,742	$ 2,564,446	$ 268,325

8. Long-Term Debt (continued)

Business-type activities:

Year Ended	Notes payable		Revenue Bonds		Total Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 8,385	$ 3,083	$ 307,048	$ 120,097	$ 315,433	$ 123,180
2024	8,494	2,973	315,999	111,271	324,493	114,244
2025	8,605	2,862	325,045	102,162	333,650	105,024
2026	8,718	2,750	334,188	92,767	342,906	95,517
2027	8,831	2,636	343,429	83,061	352,260	85,697
Thereafter	196,139	26,379	1,899,000	450,571	2,095,139	476,950
	$ 239,172	$ 40,683	$ 3,524,709	$ 959,929	$ 3,763,881	$ 1,000,612

Capital Lease Obligations

The City enters into lease agreements to finance the purchase of machinery and equipment. These lease agreements qualify as capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of inception date. These capital leases are financed from the general fund and the water and sewer fund.

The cost of leased machinery and equipment acquired under capital leases for governmental activities amounted to about $825,625 and accumulated depreciation on these assets at June 30, 2022, was about $546,029. The cost of leased machinery and equipment acquired under capital leases for business type activities amounted to about $429,651 and accumulated depreciation on these assets at June 30, 2022, was about $180,738. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2022.

The future minimum obligations under capital leases are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest
2023	$ 80,171	$ 23,042	$ 40,007	$ 10,549
2024	83,017	20,197	41,469	9,087
2025	82,305	17,231	42,984	7,572
2026	73,282	14,486	38,592	6,071
2027	75,964	11,804	40,028	4,635
Thereafter	232,650	24,675	82,944	4,748
	$ 627,389	$ 111,435	$ 286,024	$ 42,662

8. Long-Term Debt (continued)

Interest Expense

Total interest expense incurred on long-term liabilities during the year:

Governmental Activities	$ 88,412
Business-Type Activities	138,069
	$ 226,481

9. Risk Management

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

10. Commitments and Contingencies

The City is occasionally party to civil lawsuits and legal actions. In the opinion of the City's outside legal counsel and management, the ultimate outcome of such legal matters is not expected to have a significant impact on the City's financial position.

11. 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.

12. Subsequent events

Subsequent events were evaluated through January 27, 2023, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEMS NET PENSION LIABILITIES

LAST TEN FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System									
City's proportion of the net pension liability	0.0166%	0.0176%	0.0187%	0.0180%	0.0180%	0.0190%	0.0189%	0.0182%	0.0182%
City's proportionate share of the net pension liability	$ 3,597,492	$ 4,508,173	$ 4,273,584	$ 4,035,213	$ 4,035,213	$ 4,064,139	$ 3,585,614	$ 3,127,411	$ 3,258,153
City's covered payroll	$ 1,879,111	$ 1,968,349	$ 1,978,834	$ 1,868,464	$ 1,842,494	$ 1,772,638	$ 1,649,184	$ 1,658,801	$ 1,658,801
City's proportionate share of the net pension liability as a percentage of its covered payroll	191.45%	229.03%	215.96%	215.96%	219.01%	229.27%	217.42%	188.53%	196.42%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.70%	54.40%	54.10%	54.10%	52.91%	57.00%	59.90%	56.39%
South Carolina Police Officers Retirement System									
City's proportion of the net pension liability	0.1188%	0.1263%	0.1295%	0.1278%	0.1278%	0.1292%	0.1209%	0.1147%	0.1147%
City's proportionate share of the net pension liability	$ 3,057,238	$ 4,187,975	$ 3,711,708	$ 3,620,088	$ 3,620,088	$ 3,278,249	$ 2,635,185	$ 2,195,293	$ 2,377,098
City's covered payroll	$ 1,786,749	$ 1,907,763	$ 1,878,503	$ 1,766,123	$ 1,647,695	$ 1,497,884	$ 1,379,200	$ 1,323,305	$ 1,323,305
City's proportionate share of the net pension liability as a percentage of its covered payroll	171.11%	219.52%	197.59%	204.97%	219.71%	218.86%	191.07%	165.89%	179.63%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.80%	62.70%	61.73%	61.73%	60.44%	64.60%	64.60%	67.55%

* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the City implemented GASB 68 during fiscal year 2015. As such, only the last nine years of information is available.

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System									
Contractually required contributions	$ 308,166	$ 289,571	$ 303,323	$ 285,150	$ 250,561	$ 210,139	$ 203,781	$ 193,218	$ 178,112
Contributions in relation to the contractually required contribution	(308,166)	(289,571)	(303,323)	(285,150)	(250,561)	(210,139)	(203,781)	(193,218)	(178,112)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 1,877,916	$ 1,879,111	$ 1,968,349	$ 1,978,834	$ 1,868,464	$ 1,842,494	$ 1,772,638	$ 1,649,184	$ 1,658,801
Contributions as a percentage of covered payroll	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.50%	11.72%	10.74%
South Carolina Police Officers Retirement System									
Contractually required contributions	$ 333,554	$ 318,756	$ 340,345	$ 316,340	$ 279,754	$ 234,980	$ 226,392	$ 200,866	$ 177,089
Contributions in relation to the contractually required contribution	(333,554)	(318,756)	(340,345)	(316,340)	(279,754)	(234,980)	(226,392)	(200,866)	(177,089)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 1,770,456	$ 1,786,749	$ 1,907,763	$ 1,878,503	$ 1,766,123	$ 1,647,695	$ 1,497,884	$ 1,379,200	$ 1,323,305
Contributions as a percentage of covered payroll	18.84%	17.84%	17.84%	16.84%	15.84%	14.26%	15.11%	14.56%	13.38%

* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the City implemented GASB 68 during fiscal year 2015. As such, only the last nine years of information is available.

OTHER FINANCIAL INFORMATION

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS, AND SURCHARGES

JUNE 30, 2022

Total Court Fines and Assessments:		
Court fines and assessments collected	$	198,622
Court fines and assessments remitted to State Treasurer		(102,546)
Total Court fines and assessments retained	$	96,076
Surcharges and Assessments retained for Victim's Services		
Surcharges collected and retained	$	3,581
Assessments retained		8,547
Total surcharges and assessments retained for victims services	$	12,128
Victim Services Collected		
Carryforward from previous year - beginning balance	$	-
Victim Service Revenue		
Victim service fines retained by the City		-
Victim service assessments retained by the City		8,547
Victim service surcharges retained by the City		3,581
Interest earned		24
General funds transferred to victim service fund		-
Total funds allocated to victim service fund + beginning balance (A)		12,152
Expenditures for Victim Service Program		
Salaries and benefits		4,436
Victime Service Donation		5,000
Operating expenditures		1,624
General funds transferred from victim service fund		-
Total expenditures from victim service fund/program (B)		11,060
Total victim service funds retained by the City (A-B)		1,092
Carryforward funds - end of year	$	1,092

CITY OF DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures June 30, 2022
Department of Agriculture Direct Program			
Community Facilities Loans and Grants	10.766		$ 50,000
Total Department of Agriculture			$ 50,000
Department of Commerce Direct Program			
Investments for Public Works and Economic Development Facilities	11.300		$ 381,703
Total Department of Commerce			$ 381,703
Department of Homeland Security Direct Program			
Assistance to Firefighters Grant	97.044		$ 1,519
Total Department of Homeland Security			$ 1,519
Department of Housing and Urban Development Pass-through Programs From:			
South Carolina Department of Commerce			
Community Development Block Grants	14.228		$ 24,873
Total Department of Housing and Urban Development			$ 24,873
Department of Justice Pass-through Programs From:			
South Carolina Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		$ 45,723
Total Department of Justice			$ 45,723
Department of the Interior Pass-through Programs From:			
South Carolina Department of Archives and History			
Historic Preservation Fund Grants-In-Aid	15.904		$ 4,703
Total Department of the Interior			$ 4,703
Department of the Treasury Pass-through Programs From:			
South Carolina Department of Administration			
Coronavirus State and Local Fiscal Recovery Funds	21.027		$ 972,166
Total Department of the Treasury			$ 972,166
Department of Transportation Pass-through Programs From:			
South Carolina Department of Public Safety			
State and Community Highway Safety	20.600		$ 4,285
Total Department of Transportation			$ 4,285
Total Expenditures of Federal Awards			$ 1,484,972

CITY OF DARLINGTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City under programs of the federal government for the fiscal year ended June 30, 2022. The information in this schedule is presented in accordance with requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Darlington, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Darlington.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles obtained in the *Uniform Guidance* and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

THE BRITTINGHAM GROUP, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090
FAX: (803) 791-0834

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

To the Honorable Mayor and Members
Of City Council
City of Darlington
400 Pearl Street
Darlington, South Carolina 29532

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darlington, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2023.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

The Brittingham Group LLP

West Columbia, South Carolina
January 27, 2023

THE BRITTINGHAM GROUP, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members
Of City Council
City of Darlington
400 Pearl Street
Darlington, South Carolina 29532

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 the financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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 the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

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 a 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

West Columbia, South Carolina
January 27, 2023

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2022

Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of City of Darlington.

2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the 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*.

3. No instances of noncompliance material to the financial statements of City of Darlington were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for City of Darlington expresses an unmodified opinion.

6. No audit findings were reported relative to the major federal award programs for City of Darlington as depicted below in this schedule.

7. Major federal programs:

   Coronavirus State and Local Fiscal Recovery Funds CFDA #21.027

8. The threshold for distinguishing between Type A and Type B Programs was $750,000.

9. City of Darlington did not qualify as a low-risk auditee.

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.