CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2023

WITH

INDEPENDENT AUDITORS' REPORT

CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDEND JUNE 30, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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.

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 March 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

West Columbia, South Carolina
March 25, 2024

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	$ 4,330,532	$ 1,682,280	$ 6,012,812
Cash and cash equivalents - restricted	2,070,545	291,366	2,361,911
Accounts receivable, net	235,907	440,430	676,337
Property tax receivables, net	59,082	-	59,082
Internal balances	(255,376)	255,376	-
Due from other governments	224,923	335,890	560,813
Prepaid Insurance	137,588	16,796	154,384
Inventory of supplies at cost	-	30,171	30,171
Capital assets:			
Non-depreciable	1,798,954	3,389,377	5,188,331
Depreciable, net	2,731,389	9,770,462	12,501,851
Total assets	11,333,544	16,212,148	27,545,692
Deferred outflows of resources			
Deferred pension outflows	960,059	140,312	1,100,371
Total assets and deferred outflows of resources	12,293,603	16,352,460	28,646,063
Liabilities			
Accounts payable	175,389	389,655	565,044
Accrued payroll and related withholdings	70,753	9,849	80,602
Unearned revenue	1,534,567	39,604	1,574,171
Deposits payable	4,873	7,470	12,343
Accrued interest payable	9,308	47,171	56,479
Retainage payable	-	106,058	106,058
Long-term liabilities:			
Current portion	763,453	383,634	1,147,087
Noncurrent portion	2,320,486	3,329,361	5,649,847
Net pension liability	6,075,566	1,102,552	7,178,118
Total liabilities	10,954,395	5,415,354	16,369,749
Deferred inflows of resources			
Deferred pension inflows	591,821	97,666	689,487
Total liabilities and deferred inflows of resources	11,546,216	5,513,020	17,059,236
Net position			
Net investment in capital assets	1,766,623	9,464,483	11,231,106
Restricted	1,720,461	291,366	2,011,827
Unrestricted - unfunded pension obligation	(5,707,328)	(1,059,906)	(6,767,234)
Unrestricted - other	2,967,631	2,143,497	5,111,128
Total net position	$ 747,387	$ 10,839,440	$ 11,586,827

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

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	$ 1,090,845	$ 18,250	$ 471,313	$ 97,765	$ (503,517)	$ -	$ (503,517)
Public safety	4,286,137	192,817	284,888	175,925	(3,632,507)	-	(3,632,507)
Streets and sanitation	1,751,834	1,670,438	-	-	(81,396)	-	(81,396)
Culture and recreation	736,361	32,350	74,500	371,297	(258,214)	-	(258,214)
Interest on long-term debt	91,745	-	-	-	(91,745)	-	(91,745)
Non-departmental	318,433	-	-	-	(318,433)	-	(318,433)
Total governmental activities	8,275,355	1,913,855	830,701	644,987	(4,885,812)	-	(4,885,812)
Business-type activities							
Water and sewer charges	3,234,867	2,946,640	-	1,457,444	-	1,169,217	1,169,217
Stormwater services	238,449	465,105	-	-	-	226,656	226,656
Total business-type activities	3,473,316	3,411,745	-	1,457,444	-	1,395,873	1,395,873
Total primary government	$ 11,748,671	$ 5,325,600	$ 830,701	$ 2,102,431	(4,885,812)	1,395,873	(3,489,939)
General revenues and transfers:							
General revenues:							
Property taxes					3,260,230	-	3,260,230
Hospitality taxes					468,710	-	468,710
Accommodations taxes					14,520	-	14,520
Utility franchise fees					519,144	-	519,144
Business license fees					1,451,960	-	1,451,960
State aid to subdivisions					108,057	-	108,057
Proceeds from of sale of capital assets					38,206	-	38,206
Loss on sale of capital assets					(94,762)	-	(94,762)
Miscellaneous					22,208	7,758	29,966
Unrestricted investment earnings					159,404	28,605	188,009
Transfers					(196,765)	196,765	-
Total general revenues and transfers					5,750,912	233,128	5,984,040
Change in net position					865,100	1,629,001	2,494,101
Net position, at beginning of year					(117,713)	9,210,439	9,092,726
Net position, end of year					$ 747,387	$ 10,839,440	$ 11,586,827

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	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	$ 2,638,596	$ -	$ 1,625,886	$ 5,940	$ 60,110	$ -	$ 4,330,532
Cash and cash equivalents - restricted	-	8,977	-	-	-	2,061,568	2,070,545
Accounts receivable	193,891	-	42,016	-	-	-	235,907
Property tax receivables, net	59,082	-	-	-	-	-	59,082
Due from other governments	224,923	-	-	-	-	-	224,923
Due from other funds	438,090	-	-	657	-	139,860	578,607
Prepaid insurance	137,588	-	-	-	-	-	137,588
Total assets	3,692,170	8,977	1,667,902	6,597	60,110	2,201,428	7,637,184
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable	164,789	-	-	-	-	10,600	175,389
Accrued payroll and related withholdings	70,753	-	-	-	-	-	70,753
Unearned revenues	20,853	-	-	-	-	1,513,714	1,534,567
Due to other funds	140,516	-	-	4,692	11,661	677,114	833,983
Deposits payable	4,873	-	-	-	-	-	4,873
Total liabilities	401,784	-	-	4,692	11,661	2,201,428	2,619,565
Deferred Inflow of Resources							
Unavailable revenue - property taxes	14,659	-	-	-	-	-	14,659
Total deferred inflow of resources	14,659	-	-	-	-	-	14,659
Fund Balances							
Restricted	41,677	8,977	1,667,902	1,905	-	-	1,720,461
Unassigned	3,234,050	-	-	-	48,449	-	3,282,499
Total fund balances	3,275,727	8,977	1,667,902	1,905	48,449	-	5,002,960
Total liabilities and fund balances	$ 3,692,170	$ 8,977	$ 1,667,902	$ 6,597	$ 60,110	$ 2,201,428	$ 7,637,184

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

JUNE 30, 2023

Total fund balances - governmental funds		$ 5,002,960
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	$ 10,732,141	
Accumulated depreciation	(6,201,798)	
		4,530,343
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.		14,659
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Compensated absences	(320,219)	
Leases	(548,199)	
Notes payable	(231,709)	
Revenue bonds	(1,224,000)	
General obligation bonds	(759,812)	
Accrued interest	(9,308)	
		(3,093,247)
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.		(6,075,566)
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	960,059	
Deferred inflows of resources related to pensions	(591,821)	
		368,238
Net position of governmental activities		$ 747,387

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	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	$ 3,277,679	$ -	$ 468,710	$ -	$ -	$ -	$ 3,746,389
Licenses and permits	1,971,104	-	-	-	-	-	1,971,104
Intergovernmental	600,875	-	-	-	-	-	600,875
Charges for services	1,695,524	-	-	-	-	-	1,695,524
Grant revenue	262,987	-	-	-	-	471,313	734,300
Fines and forfeitures	100,592	-	-	9,042	140,278	-	249,912
Interest	29,075	254	58,078	5	51	71,941	159,404
Miscellaneous	253,538	-	-	-	-	-	253,538
Rental income	23,864	-	-	-	-	-	23,864
Total revenues	8,215,238	254	526,788	9,047	140,329	543,254	9,434,910
Expenditures							
Current:							
General government	69,528	-	-	-	-	39,370	108,898
Municipal court	185,584	-	-	-	131,156	-	316,740
Legal	46,351	-	-	-	-	-	46,351
Community promotions	66,750	-	133,469	-	-	-	200,219
Administration	518,059	-	-	-	-	-	518,059
Public buildings	133,175	-	-	-	-	-	133,175
Planning and grants	117,702	-	-	-	-	-	117,702
Police department	2,907,807	-	-	8,234	-	-	2,916,041
Fire department	1,062,954	-	-	-	-	-	1,062,954
Inspections	175,162	-	-	-	-	-	175,162
Street maintenance	815,892	-	-	-	-	-	815,892
Sanitation and trash	917,494	-	-	-	-	-	917,494
Garage	78,350	-	-	-	-	-	78,350
Recreation	409,716	-	-	-	-	-	409,716
Parks	33,850	-	-	-	-	-	33,850
Registrations	32,543	-	-	-	-	-	32,543
Non-departmental	80,978	226,285	-	-	-	-	307,263
Capital outlay	557,279	-	78,190	-	-	56,007	691,476
Debt service:							
Principal	308,115	-	120,000	-	-	-	428,115
Interest and fiscal charges	48,299	-	34,138	-	-	-	82,437
Total expenditures	8,565,588	226,285	365,797	8,234	131,156	95,377	9,392,437
(Deficit) of revenues (under) expenditures	(350,350)	(226,031)	160,991	813	9,173	447,877	42,473
Other Financing Sources							
Proceeds from sale of capital assets	38,206	-	-	-	-	-	38,206
Transfers	253,387	-	(2,275)	-	-	(447,877)	(196,765)
Total other financing sources	291,593	-	(2,275)	-	-	(447,877)	(158,559)
Net change in fund balance	(58,757)	(226,031)	158,716	813	9,173	-	(116,086)
Fund balance, beginning of year	3,334,484	235,008	1,509,186	1,092	39,276	-	5,119,046
Fund balance, end of year	$ 3,275,727	$ 8,977	$ 1,667,902	$ 1,905	$ 48,449	$ -	$ 5,002,960

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, 2023

Net change in fund balance - total governmental funds		$ (116,086)
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.		(2,929)
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	$ 691,476	
Depreciation	(446,931)	
Net change in capital assets		244,545
The net effect of various transactions involving capital assets (i.e., sales and donations) is a decrease in net assets.		
Proceeds from sale of capital assets	(38,206)	
Loss on disposition of capital assets	(94,762)	
		(132,968)
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		428,115
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest		(9,308)
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.		449,920
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.		3,811
Change in net position of governmental activities		$ 865,100

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property and other taxes	$ 3,279,926	$ 3,279,926	$ 3,277,679	$ (2,247)
Licenses and permits	2,027,032	2,027,032	1,971,104	(55,928)
Intergovernmental	438,417	438,417	600,875	162,458
Charges for services	1,823,915	1,823,915	1,695,524	(128,391)
Grant revenue	50,750	50,750	262,987	212,237
Fines and forfeitures	87,000	87,000	100,592	13,592
Interest	1,159	1,159	29,075	27,916
Miscellaneous	27,135	27,135	253,538	226,403
Rental income	26,800	26,800	23,864	(2,936)
Total revenue	7,762,134	7,762,134	8,215,238	453,104
Expenditures				
Current				
General government	71,740	71,740	69,528	2,212
Municipal court	163,183	163,183	185,584	(22,401)
Legal	50,000	50,000	46,351	3,649
Community promotions	18,000	18,000	66,750	(48,750)
Administration	547,921	547,921	518,059	29,862
Public buildings	267,037	267,037	133,175	133,862
Planning and grants	132,333	132,333	117,702	14,631
Police department	2,717,489	2,717,489	2,907,807	(190,318)
Fire department	1,032,420	1,032,420	1,062,954	(30,534)
Inspections	184,063	184,063	175,162	8,901
Street maintenance	994,321	994,321	815,892	178,429
Sanitation and trash	981,733	981,733	917,494	64,239
Garage	77,504	77,504	78,350	(846)
Recreation	395,190	395,190	409,716	(14,526)
Parks	28,500	28,500	33,850	(5,350)
Registrations	26,700	26,700	32,543	(5,843)
Non-departmental	74,000	74,000	80,978	(6,978)
Capital outlay	-	-	557,279	(557,279)
Debt service	-	-	356,414	(356,414)
Total expenditures	7,762,134	7,762,134	8,565,588	(803,454)
(Deficit) of revenues (under) expenditures	-	-	(350,350)	(350,350)
Other financing sources				
Proceeds from sale of capital assets	-	-	38,206	38,206
Transfers	-	-	253,387	253,387
Total other financing sources	-	-	291,593	291,593
Net change in fund balance	$ -	$ -	(58,757)	$ (58,757)
Fund balance, beginning of year			3,334,484	
Fund balance, end of year			$ 3,275,727	

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2023

	Water and Sewer Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,397,626	$ 284,654	$ 1,682,280
Cash and cash equivalents - restricted	291,366	-	291,366
Accounts receivable, net	373,557	66,873	440,430
Due from other governments	335,890	-	335,890
Due from other funds	677,114	55,444	732,558
Prepaid insurance	16,796	-	16,796
Inventory of supplies at cost	30,171	-	30,171
Non-current assets			
Capital assets, not being depreciated	3,354,507	34,870	3,389,377
Capital assets, being depreciated, net	7,383,070	2,387,392	9,770,462
Total assets	13,860,097	2,829,233	16,689,330
Deferred outflows of resources			
Deferred pension outflows	140,312	-	140,312
Total assets and deferred outflows of resources	14,000,409	2,829,233	16,829,642
Liabilities			
Current liabilities			
Accounts payable	389,655	-	389,655
Deposits payable	7,470	-	7,470
Accrued payroll and benefits	9,849	-	9,849
Accrued interest payable	30,530	16,641	47,171
Accrued compensated absences	17,639	-	17,639
Unearned revenue	39,604	-	39,604
Retainage payable	106,058	-	106,058
Due to other funds	477,182	-	477,182
Current portion of long term debt	268,995	97,000	365,995
Non-current liabilities			
Net pension liability	1,102,552	-	1,102,552
Obligations under leases	205,407	-	205,407
Notes payable	222,292	-	222,292
Revenue bonds payable	1,013,662	1,888,000	2,901,662
Total liabilities	3,890,895	2,001,641	5,892,536
Deferred inflows of resources			
Deferred pension inflows	97,666	-	97,666
Total liabilities and deferred inflows of resources	3,988,561	2,001,641	5,990,202
Net position			
Net investment in capital assets	9,027,221	437,262	9,464,483
Restricted - debt service	291,366	-	291,366
Unrestricted - unfunded pension obligation	(1,059,906)	-	(1,059,906)
Unrestricted - other	1,753,167	390,330	2,143,497
Total net position	$ 10,011,848	$ 827,592	$ 10,839,440

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenue			
Service revenue	$ 2,946,640	$ 465,105	$ 3,411,745
Total operating revenue	2,946,640	465,105	3,411,745
Operating expenses			
Water distribution	1,423,339	-	1,423,339
Sewer maintenance and collection	778,201	-	778,201
Sewer treatment	399,424	-	399,424
Stormwater operations	-	2,320	2,320
Depreciation expense	592,388	150,529	742,917
Total operating expenses	3,193,352	152,849	3,346,201
Operating income (loss)	(246,712)	312,256	65,544
Nonoperating revenue (expenses)			
Interest earnings	28,605	-	28,605
Miscellaneous income	7,758	-	7,758
Interest expense	(41,515)	(85,600)	(127,115)
Total nonoperating revenue (expense)	(5,152)	(85,600)	(90,752)
Income (loss) before capital contributions and transfers	(251,864)	226,656	(25,208)
Capital grants, contributions and transfers			
Capital grants	1,365,898	-	1,365,898
Capital contributions	91,546	-	91,546
Transfers	224,445	(27,680)	196,765
Total capital grants, contributions and transfers	1,681,889	(27,680)	1,654,209
Change in net position	1,430,025	198,976	1,629,001
Total net position, beginning	8,581,823	628,616	9,210,439
Total net position, ending	$ 10,011,848	$ 827,592	$ 10,839,440

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 3,048,277	$ 427,115	$ 3,475,392
Cash paid to employees	(548,935)	-	(548,935)
Cash paid to suppliers	(2,201,353)	(29,924)	(2,231,277)
Net cash provided by operating activities	297,989	397,191	695,180
Cash flows from non-capital financing activities			
Other nonoperating revenues	7,758	-	7,758
Transfers	224,446	(27,680)	196,766
Net cash provided by (used in) noncapital financing activities	232,204	(27,680)	204,524
Cash flows from capital and related financing activities			
Capital grants and contributions	1,457,444	-	1,457,444
Purchase of capital assets	(2,426,214)	(2,320)	(2,428,534)
Proceeds from sale of capital assets	2,025	-	2,025
Principal paid on long-term debt	(261,549)	(93,000)	(354,549)
Interest paid on long-term debt	(44,101)	(88,315)	(132,416)
Net cash used in capital and related financing activities	(1,272,395)	(183,635)	(1,456,030)
Cash flows from investing activities			
Interest income	28,605	-	28,605
Net cash provided by investing activities	28,605	-	28,605
Net increase (decrease) in cash and cash equivalents	(713,597)	185,876	(527,721)
Cash and cash equivalents, beginning	2,402,589	98,778	2,501,367
Cash and cash equivalents, ending	$ 1,688,992	$ 284,654	1,973,646
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and cash equivalents	$ 1,397,626	$ 284,654	$ 1,682,280
Restricted cash and cash equivalents	291,366	-	291,366
Total cash and cash equivalents	$ 1,688,992	$ 284,654	$ 1,973,646

(CONTINUED)

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

-CONTINUED-

	Water and Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ (246,712)	$ 312,256	$ 65,544
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	592,388	150,529	742,917
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	101,636	(37,990)	63,646
(Increase) decrease in prepaid insurance	1,566	-	1,566
(Increase) decrease in inventory	-	-	-
(Increase) decrease in due from other governments	303,793		303,793
(Increase) decrease in due from other funds	(677,114)	(25,804)	(702,918)
(Increase) decrease in deferred pension outflows	9,835	-	9,835
Increase (decrease) in due to other funds	94,123	-	94,123
Increase (decrease) in accounts payable	(33,790)	(1,800)	(35,590)
Increase (decrease) in accrued payroll and benefits	2,331	-	2,331
Increase (decrease) in retainage payable	34,806	-	34,806
Increase (decrease) in deposits payable	(311)	-	(311)
Increase (decrease) in unearned revenue	5,400	-	5,400
Increase (decrease) in accrued compensated absences	7,467	-	7,467
Increase (decrease) in deferred pension inflows	(107,104)	-	(107,104)
Increase (decrease) in net pension liability	209,675	-	209,675
Net cash provided by operating activities	$ 297,989	$ 397,191	$ 695,180

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND

JUNE 30, 2023

	Fireman's Fund
Assets	
Cash and cash equivalents	$ 27,886
Total assets	27,886
Net Position	
Funds held in trust for individuals, organizations, and other governments	27,886
Total net position	$ 27,886

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2023

	Fireman's Fund
Additions	
Brokers premium tax	$ 38,330
Interest	42
Total additions	38,372
Deductions	
Membership dues	2,559
Insurance	18,866
Supplies	7,834
Other expenses	14,409
Total deductions	43,668
Change in net position	(5,296)
Net position, beginning of year	33,182
Net position, end of year	$ 27,886

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 or 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 $1,100,371 as of June 30, 2023.

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 $689,487 as of June 30, 2023.

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, 2023, $2,083,768 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, 2023, 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, 2023, the City reported $1,720,461 as restricted fund balances.

Fund balance is reported as committed if amounts have been committed through the appropriations process. As of June 30, 2023, 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 $453,104. Actual expenditures exceeded budgeted expenditures by $803,454.

3. Deposits & Investments

At June 30, 2023, the carrying amount of the City's unrestricted and restricted deposits totaled $8,374,723, and the bank balance was $8,713,711, 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, 2023, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Government revenue	$ 224,923	$ 335,890	$ 560,813
Proprety taxes	94,309	-	94,309
Utility service billings	193,891	709,517	903,408
Other	42,016	-	42,016
Gross receivables	555,139	1,045,407	1,600,546
Less, allowance for uncollectibles	(35,227)	(269,087)	(304,314)
Net receivables	$ 519,912	$ 776,320	$ 1,296,232

5. Interfund Receivables and Payables

	Receivables	Payables	Net
General fund	$ 438,090	$ 140,516	$ 297,574
Victim's assistance fund	657	4,691	(4,034)
Municipal court fund	-	11,661	(11,661)
American Rescue Plan	139,859	677,114	(537,255)
Water and sewer fund	677,114	477,182	199,932
Stormwater fund	55,444	-	55,444
Total	$ 1,311,164	$ 1,311,164	$ -

6. Capital Assets

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

Governmental activities

	Beginning Balances	Increase	Decrease	Ending Balances
Capital assets, not being depreciated				
Land and improvements	$ 868,652	$ 77,000	$ (16,870)	$ 928,782
Construction in progress	577,431	384,047	(91,306)	870,172
Total capital assets, not bing depreciated	1,446,083	461,047	(108,176)	1,798,954
Capital assets, being depreciated				
Infrastructure	1,121,465	-	-	1,121,465
Buildings and Improvements	3,646,145	148,806	(67,484)	3,727,467
Equipment	3,984,626	113,629	(14,000)	4,084,255
Total capital assets, being depreciated	8,752,236	262,435	(81,484)	8,933,187
Less: Accumulated depreciation for:				
Infrastructure	(783,971)	(54,997)	-	(838,968)
Buildings and Improvements	(2,200,906)	(119,803)	10,685	(2,310,024)
Equipment	(2,794,675)	(272,131)	14,000	(3,052,806)
Total accumulated depreciation	(5,779,552)	(446,931)	24,685	(6,201,798)
Total capital assets, being depreciated, net	2,972,684	(184,496)	(56,799)	2,731,389
Governmental activites capital assets, net	$ 4,418,767	$ 276,551	$ (164,975)	$ 4,530,343

Note: In fiscal year 2023, land valued at $72,000 was donated to the City by a taxpayer.

6. Capital Assets (continued)

Business-type activities

	Beginning Balances	Increase	Decrease	Ending Balances
Capital assets, not being depreciated				
Land and improvements	$ 227,269	$ 500	$ -	$ 227,769
Construction in progress	942,206	2,223,642	(4,240)	3,161,608
Total capital assets, not bing depreciated	1,169,475	2,224,142	(4,240)	3,389,377
Capital assets, being depreciated				
Building and improvements	6,806,698	-	-	6,806,698
Water and sewer lines	16,005,053	128,000	-	16,133,053
Equipment	1,632,040	76,892	(36,780)	1,672,152
Total capital assets, being depreciated	24,443,791	204,892	(36,780)	24,611,903
Less: Accumulated depreciation for:				
Building and improvements	(5,246,412)	(105,447)	-	(5,351,859)
Water and sewer lines	(7,756,271)	(521,680)	-	(8,277,951)
Equipment	(1,132,621)	(115,790)	36,780	(1,211,631)
Total accumulated depreciation	(14,135,304)	(742,917)	36,780	(14,841,441)
Total capital assets, being depreciated, net	10,308,487	(538,025)	-	9,770,462
Governmental activites capital assets, net	$ 11,477,962	$ 1,686,117	$ (4,240)	$ 13,159,839

Note: In fiscal year 2023, land valued at $500 was donated to the City by a taxpayer.

Depreciation expense was charged to each function as follows:

Governmental activities:	
General government	$ 122,173
Public safety	162,399
Public works	80,993
Culture and recreation	81,366
Total depreciation - governmental activities	$ 446,931
Business type activities:	
Water and sewer	$ 592,388
Stormwater	150,529
Total depreciation - business type activities	$ 742,917

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.

7. Pension Plan (continued)

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 17.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41% and 0.15% contribution rate for the incidental death program. The City's contributions for the years ended June 30, 2023, 2022 and 2021 are as follows:

	Employer Contribution Rate			Employer Contributions		
Year Ended		Incidental			Incidental	
June 30,	Base	Death	Total	Base	Death	Total
2023	17.41%	0.15%	17.56%	$ 359,993	$ 3,102	$ 363,095
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

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 20.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84% and .20% for the incidental death program and .20% for the accidental death program.

The City's contributions for the years ended June 30, 2023, 2022 and 2021 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Base	Incidental Death	Total	Base	Incidental Death	Total
2023	19.84%	0.40%	20.24%	$ 358,973	$ 7,238	$ 366,211
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

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, 2023, the City reported $3,823,151 and $3,354,967 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, 2023, the City's SCRS proportion was 0.01577% and its PORS proportion was 0.11187%.

7. Pension Plan (continued)

At June 30, 2023 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	$ 33,216	$ 56,290
Assumption Changes	122,617	139,706
Net difference between projected and actual investment earnings	5,896	10,131
Differences between employer contributions and proportionate share	968	2,243
Contributions made subsequent to the measurement date	363,094	366,210
Total deferred outflows of resources	525,791	574,580
Deferred Inflows of Resources		
Differences between expected and actual experience	16,661	66,322
Differences between employer contributions and proportionate share	322,000	284,504
Total deferred inflows of resources	338,661	350,826
Net deferred outflows/(inflows)	$ 187,130	$ 223,754

$363,094 and $366,210 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, 2024.

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**
2024	$ 236,081	$ 206,870	$ 442,951
2025	(50,811)	(51,126)	(101,937)
2026	90,399	117,121	207,520
2027	(99,705)	(130,409)	(230,114)
	$ 175,964	$ 142,456	$ 318,420

7. Pension Plan (continued)

The total pension liabilities in the July 1, 2021 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, 2022, 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table 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%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Estate	**12.0%**		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Return	100%		4.79%
Inflation for Actuarial Purposes			2.25%
			7.04%

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	4,901,751	3,823,151	2,926,435
PORS	4,678,300	3,354,967	2,271,695

8. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Governmental activities:					
Notes payable	$ 293,968	$ -	$ (62,259)	$ 231,709	$ 67,533
Leases	627,389	-	(79,190)	548,199	82,785
General obligation bonds	926,478	-	(166,666)	759,812	169,916
Revenue bond	1,344,000	-	(120,000)	1,224,000	123,000
Compensated abscences	324,030	-	(3,811)	320,219	320,219
	3,515,865	-	(431,926)	3,083,939	763,453
Business-Type activities:					
Notes payable	239,172	-	(8,385)	230,787	8,494
Leases	286,024	-	(39,115)	246,909	41,502
Revenue bonds	3,524,709	-	(307,049)	3,217,660	315,999
Compensated abscences	10,172	7,467	-	17,639	17,639
	4,060,077	7,467	(354,549)	3,712,995	383,634
Total	$ 7,575,942	$ 7,467	$ (786,475)	$ 6,796,934	$ 1,147,087

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, 2023:

	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%	$ 142,832
Pee Dee Electric	Playground Equipment	$ 41,163	1/31/2027	1.00%	21,041
Carolina Bank	Fire Truck	$ 135,000	7/15/2024	2.50%	67,836
					$ 231,709
Business-Type activities:					
SC Water Quality Revolving Fund Authority	Sewer Lines	$ 284,491	11/1/2046	1.30%	$ 230,787

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, 2023:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,900,000	6/15/2032	2.54%	$ 1,224,000
Business-Type activities:				
Series 2015 - Water and Sewer Revenue Bond	$ 1,789,000	12/1/2026	2.38%	$ 704,660
Series 2018 - Stormwater Refunding Revenue Bond	$ 2,417,000	5/1/2038	4.25%	1,985,000
Series 2020 - Waterworks and Sewer System Improvement Revenue Bond	$ 620,000	12/1/2032	1.92%	528,000
				$ 3,217,660

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, 2023:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,000,000	12/13/2026	2.18%	$ 468,474
Series 2020 - General Obligation Bond	$ 400,000	3/1/2028	1.49%	291,338
				$ 759,812

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 June 30,	Notes payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	$ 67,533	$ 3,825	$ 169,916	$ 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
2028	29,494	441	60,002	894
Thereafter	-	-	-	-
	$ 231,709	$ 10,097	$ 759,812	$ 38,958

Year Ended June 30,	Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2024	$ 123,000	$ 34,138	$ 360,449	$ 52,517
2025	126,000	31,090	367,080	45,852
2026	129,000	27,965	340,050	37,222
2027	132,000	24,765	344,446	30,087
2028	136,000	18,135	225,496	19,470
Thereafter	578,000	37,161	578,000	37,161
	$ 1,224,000	$ 173,254	$ 2,215,521	$ 222,309

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
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
2028	8,947	2,521	167,000	73,065	175,947	75,586
Thereafter	187,192	23,859	1,731,999	377,506	1,919,191	401,365
	$ 230,787	$ 37,601	$ 3,217,660	$ 839,832	$ 3,448,447	$ 877,433

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, 2023, was about $604,849. 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, 2023, was about $223,703. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2023.

The future minimum obligations under capital leases are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest
2024	$ 82,785	$ 20,197	$ 41,502	$ 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
2028	78,745	9,024	41,517	3,146
Thereafter	155,118	15,652	42,286	1,529
	$ 548,199	$ 88,394	$ 246,909	$ 32,040

8. Long-Term Debt (continued)

Interest Expense

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

Governmental Activities	$	91,745
Business-Type Activities		127,115
	$	218,860

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. Subsequent events

Subsequent events were evaluated through March 25, 2024, 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System										
City's proportion of the net pension liability	0.0158%	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	$ 3,823,151	$ 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	$ 1,877,916	$ 1,879,111	$ 1,968,349	$ 1,978,834	$ 1,868,464	$ 1,842,494	$ 1,772,638	$ 1,649,184	$ 1,658,801	$ 1,658,801
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.58%	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	57.10%	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	0.1119%	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	$ 3,354,967	$ 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	$ 1,770,456	$ 1,786,749	$ 1,907,763	$ 1,878,503	$ 1,766,123	$ 1,647,695	$ 1,497,884	$ 1,379,200	$ 1,323,305	$ 1,323,305
City's proportionate share of the net pension liability as a percentage of its covered payroll	189.50%	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	66.40%	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.

CITY OF BLACKVILLE, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
South Carolina Retirement System									
Contractually required contributions	$ 110,761	$ 89,282	$ 89,188	$ 80,732	$ 72,539	$ 64,037	$ 56,986	$ 53,397	$ 49,962
Contributions in relation to the contractually required contribution	(110,761)	(89,282)	(89,188)	(80,732)	(72,539)	(64,037)	(56,986)	(53,397)	(49,962)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 636,192	$ 544,069	$ 578,767	$ 523,894	$ 503,392	$ 477,531	$ 499,442	$ 482,806	$ 458,373
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.06%	10.90%
South Carolina Police Officers Retirement System									
Contractually required contributions	$ 534	$ 3,794	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(534)	(3,794)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 2,692	$ 20,138	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.84%	18.84%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* - 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.

OTHER FINANCIAL INFORMATION

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS, AND SURCHARGES

JUNE 30, 2023

Total Court Fines and Assessments:		
Court fines and assessments collected	$	126,575
Court fines and assessments remitted to State Treasurer		(64,545)
Total Court fines and assessments retained	$	62,030
Surcharges and Assessments retained for Victim's Services		
Surcharges collected and retained	$	3,503
Assessments retained		5,539
Total surcharges and assessments retained for victims services	$	9,042
Victim Services Collected		
Carryforward from previous year - beginning balance	$	1,092
Victim Service Revenue		
Victim service fines retained by the City		-
Victim service assessments retained by the City		5,539
Victim service surcharges retained by the City		3,503
Interest earned		5
General funds transferred to victim service fund		-
Total funds allocated to victim service fund + beginning balance (A)		10,139
Expenditures for Victim Service Program		
Salaries and benefits		4,691
Victime Service Donation		3,000
Operating expenditures		542
General funds transferred from victim service fund		-
Total expenditures from victim service fund/program (B)		8,233
Total victim service funds retained by the City (A-B)		1,906
Carryforward funds - end of year	$	1,906

CITY OF DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures June 30, 2023
Department of Commerce Direct Program		
Investments for Public Works and Economic Development Facilities	11.300	$ 715,854
Total Department of Commerce		715,854
Department of Housing and Urban Development Pass-through Programs From:		
South Carolina Department of Commerce		
Community Development Block Grants	14.228	714,898
Total Department of Housing and Urban Development		714,898
Department of Justice Pass-through Programs From:		
South Carolina Department of Public Safety		
Coronavirus Emergency Supplemental Funding Program	16.034	25,853
Edward Byrne Memorial Justice Assistance Grant Program	16.738	136,222
Total Department of Justice		162,075
Department of the Interior Pass-through Programs From:		
South Carolina Department of Archives and History		
Historic Preservation Fund Grants-In-Aid	15.904	1,297
Total Department of the Interior		1,297
Department of the Treasury Pass-through Programs From:		
South Carolina Department of Administration		
Coronavirus State and Local Fiscal Recovery Funds	21.027	471,313
Total Department of the Treasury		471,313
Total Expenditures of Federal Awards		$ 2,065,437

CITY OF DARLINGTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

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, 2023. 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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.

West Columbia, South Carolina
March 25, 2024

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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, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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
March 25, 2024

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

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	ALN #21.027
Investments for Public Works and Economic Development Facilities	ALN #11.300

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.