

***CITY OF SUMTER,
SUMTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019***



Issued by:
City of Sumter
Finance Department

Mary E. (Beth) Reames, CGFO
Finance Director

Deron L. McCormick
City Manager

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December 20, 2019

Honorable Mayor, Members of City Council, and Citizens of the City of Sumter, South Carolina,

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Sumter (the City) for the fiscal year ended June 30, 2019.

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

The City's financial statements have been audited by The Brittingham Group, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Regulatory section of this report.

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

Profile of the Government

The City of Sumter, chartered in 1845, is located near the geographic center of the state, approximately 100 miles west of the Atlantic Ocean and approximately 175 miles east of the Blue Ridge Mountains. The City currently serves a population in excess of 40,000 and encompasses a land mass of approximately 27 square miles. The government is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Sumter holds the distinction of being the first to adopt the council-manager form of government in 1912 and still operates under this form of government today. Policy-making and legislative authority are vested in a governing council

consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the directors of various departments. The Council is elected through a non-partisan election process. Council members and the mayor are elected to four-year terms in staggered elections. The mayor is elected at large and council members are elected by ward.

The City provides a full range of services, including: police and fire protection; the construction and maintenance of streets and other infrastructure; parks, recreational/cultural activities and events; sanitation services; water and sewer services; and storm water services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The budget can be amended throughout the year with the approval of council. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager, who may make transfers of appropriations within and among functions and funds as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented beginning on page 31 as part of the basic financial statements for the governmental funds.

Local Economy

Industry Sectors

The most critical economic driver for the Sumter area continues to be Shaw Air Force Base. According to the 2015 Shaw Air Force Base Economic Impact Statement, the base employs approximately 8,600 active duty military and civilians. In addition, according to a 2017 study by the South Carolina Military Base Task Force, the base has an approximate \$1.5 billion impact (directly and indirectly) on the Sumter area economy. Both the City and Sumter County governments have adopted policies that help protect the ongoing mission of this community asset. The manufacturing sector continues to be Sumter's leading (non-military) sector and has experienced the largest gains in employment over recent years, while education, healthcare, and retail have held steady.

Notable Conditions and Trends

Unemployment percentages have declined significantly over recent years but remain slightly higher than state and national averages. Slow population growth and an aging workforce have contributed to a slight decline in labor force numbers over recent years. Overall median household income has steadily increased. In addition, a better focus on educational programs to complement Sumter's workforce needs has significantly increased levels of education attainment. This will continue to be an area of focus as the community strives to meet the demands of its growing manufacturing base.

Sumter Central Business District

Downtown Sumter represents the historic center of government, commerce, spirituality, and health care for both the City and the County of Sumter. In the past this area has experienced disinvestment due to more suburban style development patterns. In recent years this trend is reversing locally and nationwide. Downtown Sumter has seen significant investment in new buildings, improvements to existing buildings, and improvements to public spaces. While it is still a work in progress, Downtown Sumter is becoming a more active, lively centerpiece for all facets of community life.

Long Term Financial Planning

Understanding existing conditions and trends within the community and surrounding areas is vital to the City's development of long term financial plans. As such, and under the guidance of City Council, City officials are in constant communication with surrounding local governments and private sector businesses, as well as individual citizens of the community, in efforts to shape our financial planning to a mold that is consistent with the goals and objectives of the community as a whole. As a result of this "Team Sumter" approach, the City, along with our public and private counterparts, has been able to build comprehensive plans to help the Sumter community meet its challenges, achieve goals, and effect positive change. The goals developed during this process may require many different methods and actions but they all involve the planned expenditure of budgeted funds. While many initiatives may progress substantially throughout a single year, some of them require more time, effort, and resources. Although not required by law, in recognition of the need for long-term capital planning, the City is constantly administering and critiquing multi-year capital plans for both its governmental and business-type activities.

On an annual basis the City's planning and needs evaluation process involves an assessment of ongoing projects and initiatives as well as the identification of new projects and initiatives to be implemented in an effort to maximize the value of services and support provided by the City. It is a collaborative process whereby City leadership engages with the City's management team and the City's management team with departmental staff to develop methods and actions to take in advancing priorities of the City and chipping away at long term capital plans and objectives.

Initiatives include neighborhood and downtown redevelopment, various quality of life projects, and continued investment in water & sewer infrastructure, and other public infrastructure. In addition, the City will continue to support efforts that contribute to the important mission of Shaw Air Force Base as it remains to be a key factor in the overall progress of the community. Funding for these projects will come from a variety of sources including Community Development Block Grants and other various grants, Hospitality Fee revenues, Accommodations Fee revenues, charges for services, General Fund revenues, and revenue bonds. While most all of these projects will require continued long term planning and fiscal projections it is the City's overall objective that they also provide long term benefits to the community.

Acknowledgements

We would like to express our appreciation to the entire Finance staff for their dedicated services in the timely preparation of this report. Credit must also be given to those from other departments who helped compile the necessary information to prepare this report in its entirety.

In closing, we would like to also thank the Mayor and City Council for their continued support, leadership, and service to the City of Sumter.

Respectfully submitted,



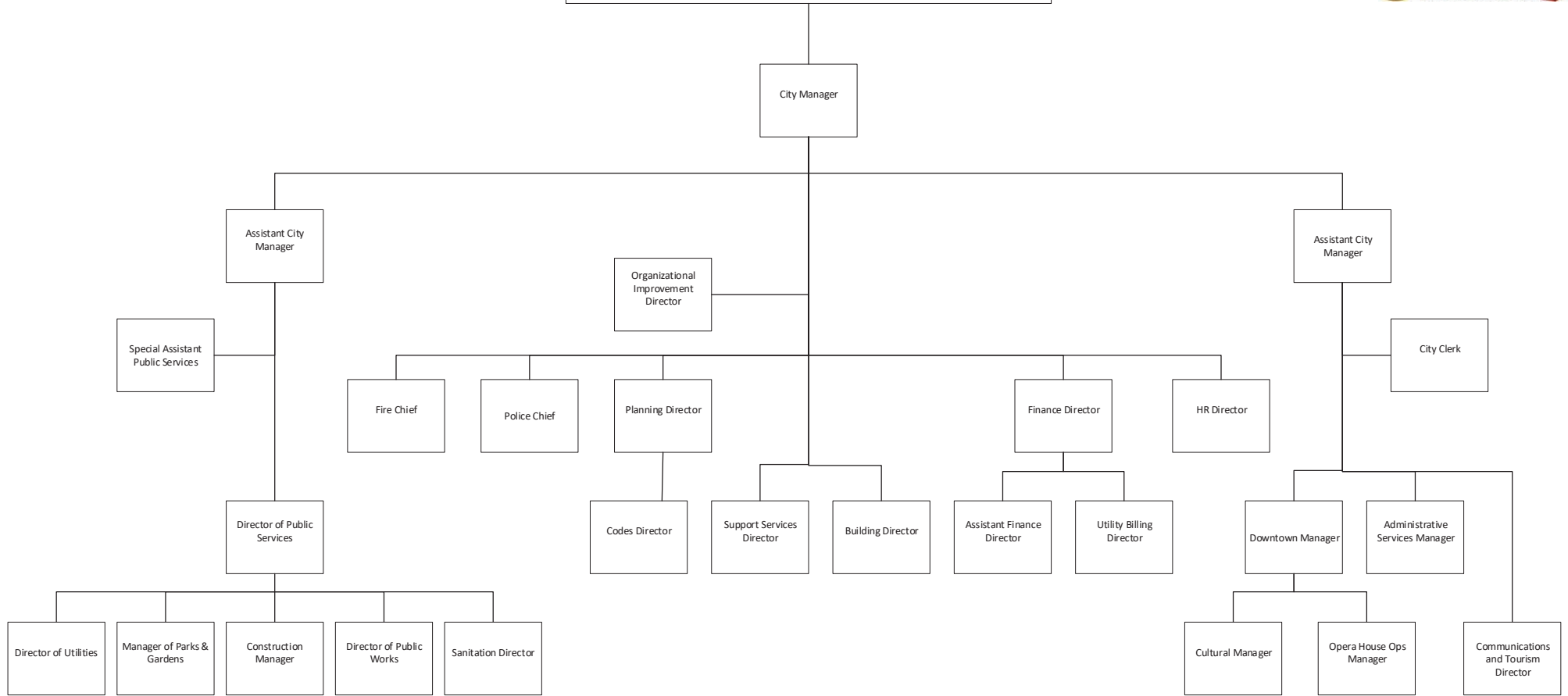
Deron L. McCormick, City Manager



Beth Reames, CGFO, Finance Director

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The Mayor and City Council



City of Sumter
Senior Staff
As of December 16, 2019

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City of Sumter
South Carolina
29151

OPERA HOUSE
P.O. BOX 1449

T: (803) 436-2500
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ELECTED AND APPOINTED OFFICIALS

MAYOR

Joseph T. McElveen, Jr.

CITY COUNCIL

Thomas J. Lowery
Mayor Pro Tem, Ward 1

Ione J. Dwyer
Ward 2

Calvin K. Hastie, Sr.
Ward 3

Steven H. Corley
Ward 4

Colin C. Davis
Ward 5

David P. Merchant
Ward 6

CITY MANAGER
Deron L. McCormick

ASST. CITY MANAGER
E. Al Harris

ORGANIZATIONAL IMPROVEMENT DIR.
Mark W. Partin

ASST. CITY MANAGER
Howard (Howie) J. Owens

POLICE CHIEF
Russell F. Roark

CITY CLERK
Linda D. Hammett

FIRE CHIEF
C. Karl Ford

PLANNING DIRECTOR
George K. McGregor

HUMAN RESOURCES DIRECTOR
Audrey M. Shirley

FINANCE DIRECTOR
Mary E. (Beth) Reames

CODES DIRECTOR
John F. Macloskie

UTILITY BUSINESS DIRECTOR
Candi D. Quiroz

ASST. FINANCE DIRECTOR
Jonathan E. Flinchum

PUBLIC SERVICES DIRECTOR
Michael E. Geddings, Jr.

SUPPORT SERVICES DIRECTOR
Lefford L. Fate

BUILDING DIRECTOR
Charles W. (Steve) Campbell

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FINANCIAL SECTION

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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

City Council
City of Sumter
21 North Main Street
Post Office Box 1449
Sumter, South Carolina 29151

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sumter, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7–15, the Schedule of Employer's Proportionate Share of Net Pension Liability and Employer Contributions on pages 60-61 and Schedule of Changes in the Net OPEB Liability and Related Ratios and Employer Contributions on pages 63-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sumter's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
December 20, 2019

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**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the City of Sumter, we offer readers of the City of Sumter's financial statements this narrative overview and analysis of the financial activities of the City of Sumter for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the basic financial statements

Financial Highlights

- The assets of the City of Sumter exceeded its liabilities at the close of the most recent fiscal year by \$105,112,794 (*net position*).
- The City of Sumter's total net position decreased by \$2,270,379 during the current period, as a result of a decrease from governmental activities of \$1,058,114 and a decrease from business-type activities of \$1,212,265.
- At the close of the current fiscal year, the City of Sumter's governmental funds reported combined ending fund balances of \$21,723,573, an increase of \$455,197 in comparison with the prior year. Approximately 70% of this total amount, \$15,177,437 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,177,437, or approximately 34% of total general fund expenditures.
- The City of Sumter's total outstanding long-term debt decreased by \$1,648,818 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sumter's basic financial statements. The City of Sumter's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Sumter's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Sumter's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sumter is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Sumter that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Sumter include general government administration, public safety and law enforcement, public works, parks, recreation and culture, community development, economic development and interest and other charges. The business-type activities of the City of Sumter include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 25-26 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Sumter maintains one major governmental fund, the general fund and non-major special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Individual fund data for each of the non-major special revenue funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Sumter adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-32 of this report.

Proprietary Funds. The City of Sumter maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Sumter uses an enterprise fund to account for its water and sewer operation and a second enterprise fund is used to account for its storm water operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund which is considered to be a major fund of the City of Sumter and the non-major storm water utility fund.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

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

The City of Sumter maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held in trust for charitable purposes. The *Agency fund* reports resources held by the City of Sumter in a custodial capacity for individuals, private organizations, and non-profit organizations.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-65 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Sumter's proportionate share of the net pension liability in relation to its participation in a cost-sharing multiple-employer defined benefit pension plan and its contributions to said plan. In addition this section reports on the City's progress in funding its obligation to provide OPEB benefits to its employees. Required supplementary information can be found on pages 68-73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75-89 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Sumter, assets exceeded liabilities by \$105,112,794 at the close of the most recent fiscal year.

City of Sumter's Net Position

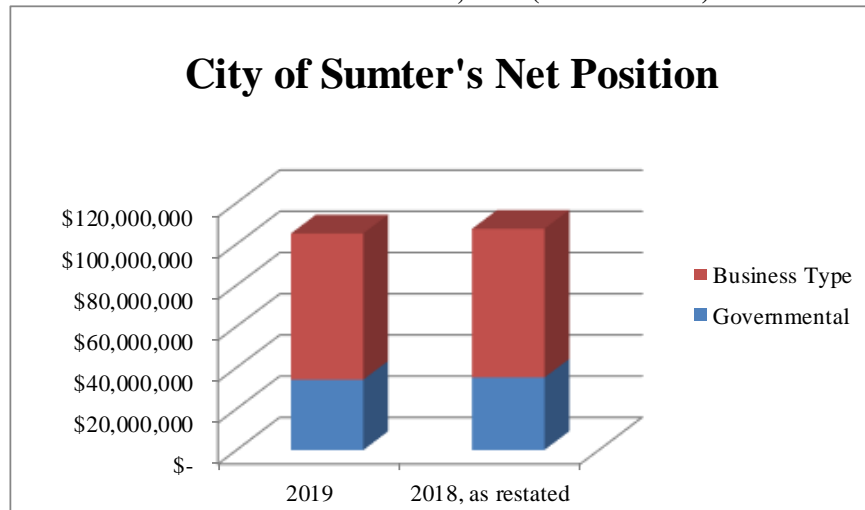
| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|--------------------------------|---------------------------|---------------------------------|---------------------------|-----------------------|---------------------------|
| | 2019 | 2018, as restated* | 2019 | 2018, as restated* | 2019 | 2018, as restated* |
| Current and other assets | \$ 28,197,769 | \$ 28,003,801 | \$ 20,267,750 | \$ 27,354,769 | \$ 48,465,519 | \$ 55,358,570 |
| Capital assets | 78,668,952 | 76,756,645 | 111,483,708 | 108,676,853 | 190,152,660 | 185,433,498 |
| Total assets | 106,866,721 | 104,760,446 | 131,751,458 | 136,031,622 | 238,618,179 | 240,792,068 |
| Total deferred outflows of resources | 7,540,127 | 8,567,529 | 3,481,343 | 3,915,412 | 11,021,470 | 12,482,941 |
| Noncurrent liabilities | 73,856,600 | 71,854,121 | 62,185,825 | 65,255,056 | 136,042,425 | 137,109,177 |
| Other liabilities | 3,683,258 | 3,956,649 | 2,009,694 | 2,515,061 | 5,692,952 | 6,471,710 |
| Total liabilities | 77,539,858 | 75,810,770 | 64,195,519 | 67,770,117 | 141,735,377 | 143,580,887 |
| Total deferred inflows of resources | 2,734,794 | 2,326,895 | 56,684 | (15,946) | 2,791,478 | 2,310,949 |
| Net position: | | | | | | |
| Net investment in capital assets | 63,918,549 | 62,306,724 | 64,413,720 | 61,898,581 | 128,332,269 | 124,205,305 |
| Restricted | 1,602,553 | 1,363,618 | 1,407,022 | 1,495,645 | 3,009,575 | 2,859,263 |
| Unrestricted | (31,388,906) | (28,480,032) | 5,159,856 | 8,798,637 | (26,229,050) | (19,681,395) |
| Total net position | \$ 34,132,196 | \$ 35,190,310 | \$ 70,980,598 | \$ 72,192,863 | \$ 105,112,794 | \$ 107,383,173 |

*See note to financial statements IV.

By far the largest portion of the City of Sumter's net position (122%) reflects its investment in capital assets (e.g., land, buildings, machinery, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Sumter uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City of Sumter's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Sumter's net position (2.9%) represents resources that are subject to external restrictions on how they may be used.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**



The City of Sumter's overall net position decreased by \$2,270,379 from the prior fiscal year. The key components of this decrease are discussed in the following sections for governmental and business-type activities.

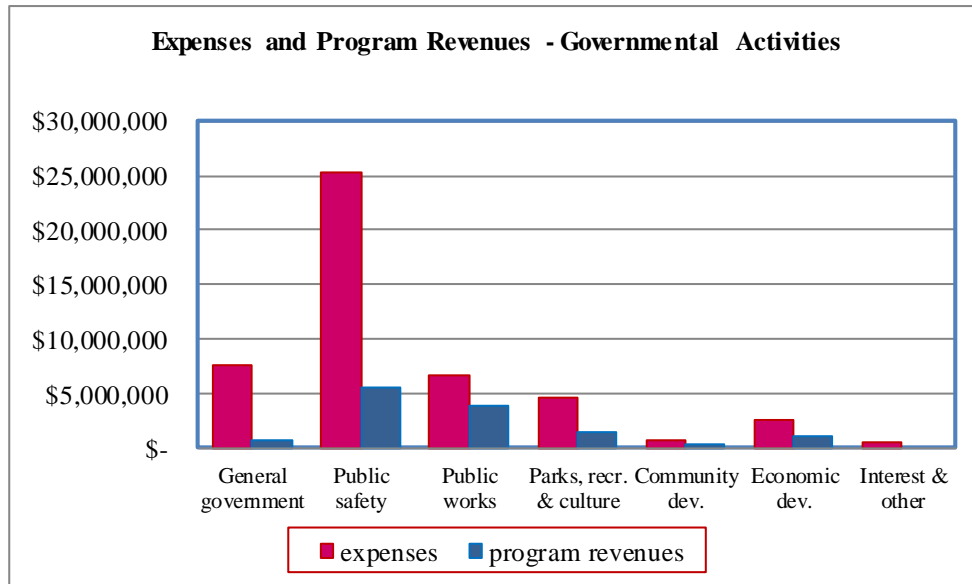
Governmental Activities: Governmental activities decreased the City of Sumter's net position by \$1,058,114 from the prior fiscal year for an ending balance of \$34,132,196. Total revenues decreased \$4,416,606 primarily as a result of decreases in capital grants and contributions. Expenses for governmental activities increased by \$2,352,242 (5.17%).

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

City of Sumter's Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2019 | 2018, as restated* | 2019 | 2018, as restated* | 2019 | 2018, as restated* |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 8,119,806 | \$ 8,109,364 | \$ 23,372,515 | \$ 23,166,411 | \$ 31,492,321 | \$ 31,275,775 |
| Operating grants and contributions | 3,374,237 | 2,267,893 | - | - | 3,374,237 | 2,267,893 |
| Capital grants and contributions | 1,382,806 | 9,520,114 | 717,200 | 757,170 | 2,100,006 | 10,277,284 |
| Total program revenues | 12,876,849 | 19,897,371 | 24,089,715 | 23,923,581 | 36,966,564 | 43,820,952 |
| General Revenues: | | | | | | |
| Property taxes | 9,857,168 | 9,746,300 | - | - | 9,857,168 | 9,746,300 |
| Sales taxes - local option | 4,585,665 | 4,052,214 | - | - | 4,585,665 | 4,052,214 |
| Sales taxes - local accommodations and hospitality | 3,609,682 | 3,415,445 | - | - | 3,609,682 | 3,415,445 |
| Business and franchise fees | 11,550,918 | 10,733,153 | - | - | 11,550,918 | 10,733,153 |
| State shared taxes | 1,595,660 | 999,263 | - | - | 1,595,660 | 999,263 |
| Other | 820,036 | 468,838 | 485,294 | 259,884 | 1,305,330 | 728,722 |
| Total general revenues | 32,019,129 | 29,415,213 | 485,294 | 259,884 | 32,504,423 | 29,675,097 |
| Total revenues | 44,895,978 | 49,312,584 | 24,575,009 | 24,183,465 | 69,470,987 | 73,496,049 |
| Expenses: | | | | | | |
| General Government | 7,568,694 | 6,878,117 | - | - | 7,568,694 | 6,878,117 |
| Public Safety | 25,317,244 | 24,221,099 | - | - | 25,317,244 | 24,221,099 |
| Public Works | 6,636,236 | 6,252,507 | - | - | 6,636,236 | 6,252,507 |
| Parks, Recreation and Culture | 4,592,630 | 4,910,697 | - | - | 4,592,630 | 4,910,697 |
| Community Development | 678,566 | 568,986 | - | - | 678,566 | 568,986 |
| Economic Development | 2,611,732 | 2,452,098 | - | - | 2,611,732 | 2,452,098 |
| Interest and other charges | 472,193 | 241,549 | - | - | 472,193 | 241,549 |
| Water and sewer services | - | - | 23,864,071 | 23,124,198 | 23,864,071 | 23,124,198 |
| Total expenses | 47,877,295 | 45,525,053 | 23,864,071 | 23,124,198 | 71,741,366 | 68,649,251 |
| Increase in net position before transfers | | | | | | |
| | (2,981,317) | 3,787,531 | 710,938 | 1,059,267 | (2,270,379) | 4,846,798 |
| Transfers | 1,923,203 | 1,681,705 | (1,923,203) | (1,681,705) | - | - |
| Increase in net position | | | | | | |
| | (1,058,114) | 5,469,236 | (1,212,265) | (622,438) | (2,270,379) | 4,846,798 |
| Net position beginning - as restated | 35,190,310 | 29,721,074 | 72,192,863 | 72,815,301 | 107,383,173 | 102,536,375 |
| Net position ending | \$ 34,132,196 | \$ 35,190,310 | \$ 70,980,598 | \$ 72,192,863 | \$ 105,112,794 | \$ 107,383,173 |

* See note to financial statements IV.



**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

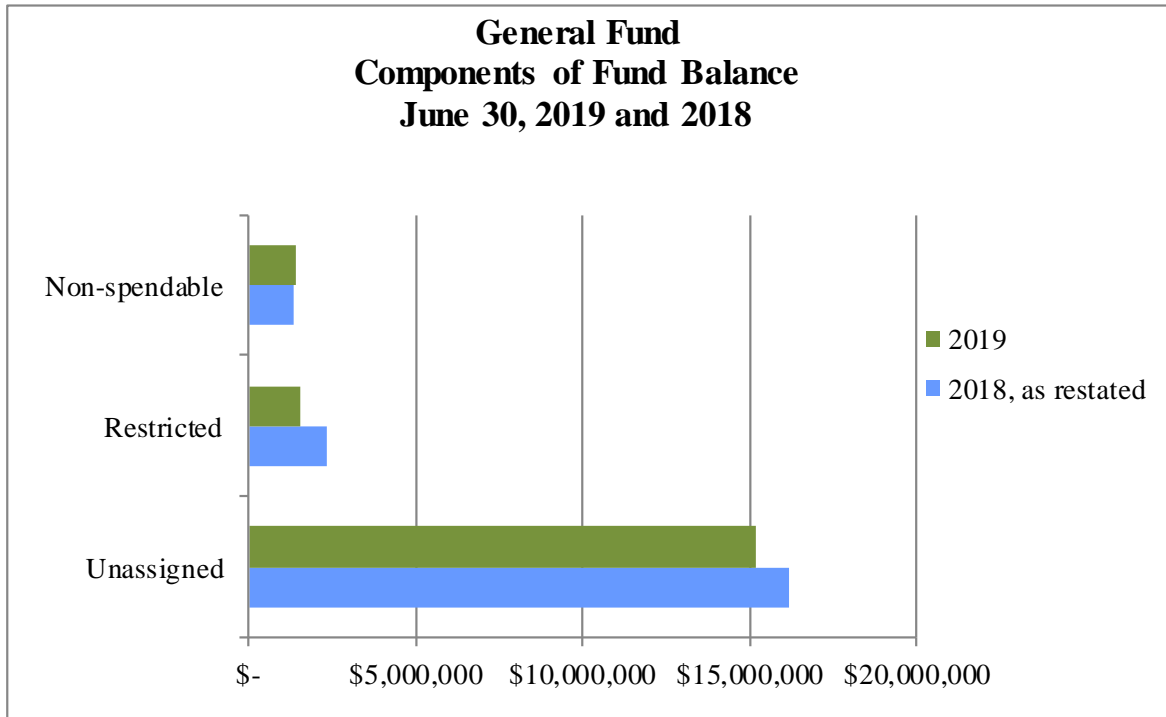
Business-Type Activities: Business-type activities decreased the City of Sumter's net position during the current year by \$1,212,265, a 1.7% decrease, for an ending balance of \$70,980,598. Total expenses were \$23,864,071, an increase of \$739,873 (3.2%) from the previous year's amount.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Sumter's *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sumter's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sumter itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Sumter's Council.

At June 30, 2019, the City of Sumter's governmental funds reported combined fund balances of \$21,723,573 an increase of \$455,197 in comparison with the prior year. Approximately 70% of this amount (\$15,177,437) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable or restricted to indicate that it is 1) not in spendable form (\$1,415,889) or 2) restricted for particular purposes (\$5,130,247).



The general fund is the chief operating fund of the City of Sumter. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,177,437 with a total fund balance of \$18,115,248. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total general fund expenditures while total fund balance represents 41 percent of that same amount.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

The fund balance of the City of Sumter's general fund decreased by \$1,789,510 during the current fiscal year. The decrease is mostly in relation to fiscal year 2019 capital expenditures that were funded with appropriations from previous years and unspent proceeds from debt (bond & capital lease proceeds which were reported as revenues in the prior year, and included in the general fund's restricted fund balance at the end of fiscal year 2018. The chart on page 20 is an illustration of this change in fund balance. Both restricted and unassigned fund balance decreased for fiscal year 2019.

Proprietary Funds. The City of Sumter's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer operations and the storm water operations at the end of the fiscal year was \$5,159,856, a decrease of \$3,638,781 from the prior fiscal year. Net position decreased by \$1,212,265. Other factors related to the enterprise funds have been noted earlier in the discussion of business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. Revenues were \$2,364,802 (7%) greater compared to the final budget while expenditures were \$3,377,524 more than the final budget. The positive variance in revenues was primarily a result of an increase in license permits and fees of \$1,226,779, and state revenues increased \$549,687. Other revenues were \$293,121 due to higher than anticipated miscellaneous revenues. The total of actual expenditures, less expenditures for capital outlay, were more than the final budget amounts. Expenditures in capital outlay were greater than budgeted for expenditures related to projects that were funded with revenues from previous years.

Capital Assets and Debt Administration

Capital assets. The City of Sumter's investment in capital assets for its governmental and business type activities as of June 30, 2019, was \$190,152,660 (net of accumulated depreciation). This investment in capital assets includes land, buildings, works of art, park facilities, roads, plants, machinery and equipment, and infrastructure.

City of Sumter's Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------|-------------------------|---------------|--------------------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 12,864,988 | \$ 12,515,054 | \$ 1,435,097 | \$ 1,338,672 | \$ 14,300,085 | \$ 13,853,726 |
| Works of art | 574,760 | 574,760 | - | - | 574,760 | 574,760 |
| Buildings | 41,624,009 | 40,745,549 | 2,917,706 | 123,417 | 44,541,715 | 40,868,966 |
| Plants, machinery and equipment | 10,437,685 | 8,059,369 | 52,883,567 | 54,722,616 | 63,321,252 | 62,781,985 |
| Infrastructure | 10,486,069 | 11,645,483 | 53,592,069 | 40,012,601 | 64,078,138 | 51,658,084 |
| Construction in progress | 2,681,441 | 3,216,430 | 655,269 | 12,479,547 | 3,336,710 | 15,695,977 |
| Totals | \$ 78,668,952 | \$ 76,756,645 | \$ 111,483,708 | \$ 108,676,853 | \$ 190,152,660 | \$ 185,433,498 |

Major capital asset events during the current fiscal year included the following:

- Routine replacement of vehicles, lease purchases of sanitation and fire trucks and various equipment at a cost of \$2,310,835.
- Construction in progress projects completed , Shaw Sumter Welcome Center, fiber network and energy efficient equipment additional costs of \$2,274,644.
- Utility Billing Department Building, Automated Water Meter Equipment, Well Rehabilitations, water sewer replacement and stormwater drain improvements additional costs \$5,633,162 completed and placed into service.
- Construction in progress including various water, wastewater and stormwater projects \$534,634.
- Routine replacement of equipment and vehicles for water and sewer operations at a cost of \$964,915.

Additional information on the City of Sumter's capital assets can be found in Note II. D on pages 48-50.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019 (CONTINUED)**

Long-term Debt. At the end of the current fiscal year, the City of Sumter had total debt outstanding of \$67,365,172. Of this amount, \$6,797,426 of general obligation debt is backed by the full faith and credit of the government. The remainder of the City of Sumter's long-term obligations comprises revenue bonds, capital leases, and notes payable.

City of Sumter's Outstanding Debt

Bonds, Notes Payable and Capital Leases

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 6,797,426 | \$ 7,297,137 | \$ - | \$ - | \$ 6,797,426 | \$ 7,297,137 |
| Tax increment financing bonds | 4,095,000 | 4,295,000 | - | - | 4,095,000 | 4,295,000 |
| Revenue bonds | 2,000,000 | 262,000 | - | - | 2,000,000 | 262,000 |
| Notes payable | 467,000 | 513,000 | - | - | 467,000 | 513,000 |
| Capital lease obligations | 4,918,671 | 4,456,281 | 239,620 | 287,154 | 5,158,291 | 4,743,435 |
| Revenue bonds | - | - | 48,847,455 | 51,903,418 | 48,847,455 | 51,903,418 |
| Total | \$ 18,278,097 | \$ 16,823,418 | \$ 49,087,075 | \$ 52,190,572 | \$ 67,365,172 | \$ 69,013,990 |

The City of Sumter's total debt decreased by \$1,648,818 (2.4 percent) during the current fiscal year. The City entered into a capital lease agreements in the amount of \$1,896,000 to purchase certain capital equipment during the year. On April 24, 2019 the City issued its \$2,000,000 Hospitality Revenue Bond, to defray costs associated with improvements to the City of Sumter's tennis center, aquatics center and Swan Lake park.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation of property. The current debt limitation for the City is \$11,080,000 which is in excess of the City of Sumter's outstanding general obligation debt.

Additional information on the City of Sumter's long-term debt can be found in Note II, E on pages 51-53.

Economic Factors and Next Year's Budgets and Rates

The City of Sumter completed a city wide Housing Study and a Downtown Masterplan to continue the forward momentum of improvements in the City. Construction was completed on a new Utility Billing Department building in the downtown area, along with renovations and expansion to The Meeting House at Memorial Park and groundbreaking for Sumter's first brewery.

The City has continued to see state funding as well as private donations increase, allowing the City to begin projects such as tennis center expansion, aquatics center expansion, veteran's park and a one of a kind sculpture at our award winning tourism destination, Swan Lake Iris Gardens.

The fiscal year 2019-2020 budget was adopted with an appropriation of \$40,186,182 for the general fund. There was no increase in the City's total millage rate for 2019-2020 which is currently 102 mills. Revenues from property taxes, business licenses, franchise fees and tax collection programs are expected to remain steady. The fiscal year 2019-2020 budget was adopted with an appropriation of \$40,186,182 for the general fund. There was no increase in the City's total millage rate for 2019-2020 which is currently 102 mills. Revenues from property taxes, business licenses, franchise fees and tax collection programs are expected to remain steady.

Requests for Information

This financial report is designed to provide a general overview of the City of Sumter's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Post Office Box 1449, Sumter, South Carolina 29151.

BASIC FINANCIAL STATEMENTS

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CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

| | Business | | Total |
|--|----------------------------|--------------------|---------------|
| | Governmental Activities | Type Activities | |
| Assets | | | |
| Cash and cash equivalents | \$ 14,224,152 | \$ 3,674,639 | \$ 17,898,791 |
| Investments | 1,127,426 | 10,692,528 | 11,819,954 |
| Receivables, net of allowance for doubtful accounts | 7,902,608 | 3,981,289 | 11,883,897 |
| Inventories | 306,738 | - | 306,738 |
| Prepaid items | 1,428 | - | 1,428 |
| Property held for resale | 1,107,723 | 325,874 | 1,433,597 |
| Restricted cash and cash equivalents | 3,527,694 | 1,407,022 | 4,934,716 |
| Receivables, non-current portion | - | 186,398 | 186,398 |
| Capital assets, not being depreciated | 16,121,189 | 2,090,366 | 18,211,555 |
| Capital assets, depreciable, net of accumulated depreciation | 62,547,763 | 109,393,342 | 171,941,105 |
| Total Assets | 106,866,721 | 131,751,458 | 238,618,179 |
| Deferred Outflows of Resources | | | |
| Deferred loss on bond refunding | - | 2,017,087 | 2,017,087 |
| Deferred pension charges | 6,964,635 | 1,320,384 | 8,285,019 |
| Deferred other post employment benefits charges | 575,492 | 143,872 | 719,364 |
| Total Deferred Outflows of Resources | 7,540,127 | 3,481,343 | 11,021,470 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 2,107,977 | 1,278,050 | 3,386,027 |
| Retainage payable | 18,660 | - | 18,660 |
| Accrued interest payable | 285,894 | 162,892 | 448,786 |
| Accrued salaries and payroll withholdings | 1,055,349 | 211,977 | 1,267,326 |
| Court bonds and confiscated funds payable | 180,452 | - | 180,452 |
| Customer deposits | 25,543 | 356,775 | 382,318 |
| Unearned revenue | 9,383 | - | 9,383 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,713,995 | 2,463,464 | 6,177,459 |
| Due in more than one year | 19,328,094 | 47,334,090 | 66,662,184 |
| Net pension liability | 39,578,659 | 9,579,308 | 49,157,967 |
| Net other post employment benefits liability | 11,235,852 | 2,808,963 | 14,044,815 |
| Total Liabilities | 77,539,858 | 64,195,519 | 141,735,377 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - local option sales tax | 1,059,939 | - | 1,059,939 |
| Unavailable revenue - grants and contributions | 1,230,655 | - | 1,230,655 |
| Deferred pension credits | 358,650 | 35,296 | 393,946 |
| Deferred other post employment benefits credits | 85,550 | 21,388 | 106,938 |
| Total Deferred Inflows of Resources | 2,734,794 | 56,684 | 2,791,478 |
| Net Position | | | |
| Net investment in capital assets | 63,918,549 | 64,413,720 | 128,332,269 |
| Restricted for: | | | |
| Debt service | - | 1,407,022 | 1,407,022 |
| Community development | 328,275 | - | 328,275 |
| Economic development | 624,642 | - | 624,642 |
| Public safety and law enforcement | 649,636 | - | 649,636 |
| Unrestricted | (31,388,906) | 5,159,856 | (26,229,050) |
| Total Net Position | \$ 34,132,196 | \$ 70,980,598 | \$105,112,794 |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------|----------------------------|--|--|---|-----------------------------|-----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government administration | \$ 7,568,694 | \$ 92,360 | \$ 532,988 | \$ - | \$ (6,943,346) | \$ - | \$ (6,943,346) |
| Public safety and law enforcement | 25,317,244 | 4,357,327 | 965,917 | 168,918 | (19,825,082) | - | (19,825,082) |
| Public works | 6,636,236 | 2,904,271 | 945,809 | - | (2,786,156) | - | (2,786,156) |
| Parks, recreation and culture | 4,592,630 | 612,721 | - | 829,888 | (3,150,021) | - | (3,150,021) |
| Community development | 678,566 | - | 370,697 | - | (307,869) | - | (307,869) |
| Economic development | 2,611,732 | 153,127 | 558,826 | 384,000 | (1,515,779) | - | (1,515,779) |
| Interest on long-term debt | 472,193 | - | - | - | (472,193) | - | (472,193) |
| Total governmental activities | 47,877,295 | 8,119,806 | 3,374,237 | 1,382,806 | (35,000,446) | - | (35,000,446) |
| Business-type activities: | | | | | | | |
| Water and sewer | 23,864,071 | 23,372,515 | - | 717,200 | - | 225,644 | 225,644 |
| Total business-type activities | 23,864,071 | 23,372,515 | - | 717,200 | - | 225,644 | 225,644 |
| Total | \$ 71,741,366 | \$ 31,492,321 | \$ 3,374,237 | \$ 2,100,006 | \$ (35,000,446) | \$ 225,644 | \$ (34,774,802) |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 9,857,168 | \$ - | \$ 9,857,168 |
| Sales taxes - local option | | | | | 4,585,665 | - | 4,585,665 |
| Sales taxes - local accommodations and hospitality | | | | | 3,609,682 | - | 3,609,682 |
| Franchise taxes and business licenses | | | | | 11,550,918 | - | 11,550,918 |
| Grants and contributions not restricted to specific programs | | | | | 1,595,660 | - | 1,595,660 |
| Gain (loss) on sale or disposition of capital assets | | | | | 74,123 | (92,161) | (18,038) |
| Unrestricted interest income | | | | | 185,672 | 462,989 | 648,661 |
| Other | | | | | 560,241 | 114,466 | 674,707 |
| Transfers | | | | | 1,923,203 | (1,923,203) | - |
| Total general revenues and transfers | | | | | 33,942,332 | (1,437,909) | 32,504,423 |
| Change in net position | | | | | (1,058,114) | (1,212,265) | (2,270,379) |
| Net position - beginning of year, as restated | | | | | 35,190,310 | 72,192,863 | 107,383,173 |
| Net position - end of year | | | | | \$ 34,132,196 | \$ 70,980,598 | \$ 105,112,794 |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2019

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 11,433,841 | \$ 2,790,311 | \$ 14,224,152 |
| Investments | 1,127,426 | - | 1,127,426 |
| Receivables, net of allowance for doubtful accounts | 3,916,186 | 3,986,422 | 7,902,608 |
| Due from other funds | 3,080,290 | - | 3,080,290 |
| Restricted cash and cash equivalents | 1,521,922 | 2,005,772 | 3,527,694 |
| Prepaid items | 1,428 | - | 1,428 |
| Inventories | 306,738 | - | 306,738 |
| Property held for resale | 1,107,723 | - | 1,107,723 |
| Total assets | <u>\$ 22,495,554</u> | <u>\$ 8,782,505</u> | <u>\$ 31,278,059</u> |
| Liabilities | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,578,433 | \$ 529,544 | \$ 2,107,977 |
| Retainage payable | 18,660 | - | 18,660 |
| Accrued salaries and payroll withholdings | 1,020,087 | 35,262 | 1,055,349 |
| Customer Deposits | 17,893 | 7,650 | 25,543 |
| Unearned Revenue | 983 | 8,400 | 9,383 |
| Escrow for seized funds and bonds | 5,473 | 174,979 | 180,452 |
| Due to other funds | - | 3,080,290 | 3,080,290 |
| Total liabilities | <u>2,641,529</u> | <u>3,836,125</u> | <u>6,477,654</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - property taxes | 458,739 | - | 458,739 |
| Unavailable revenue - local option sales tax | 1,059,939 | - | 1,059,939 |
| Unavailable revenue - notes and mortgages | 216,499 | 107,400 | 323,899 |
| Unavailable revenue - grants and contributions | 3,600 | 1,230,655 | 1,234,255 |
| Total deferred inflows of resources | <u>1,738,777</u> | <u>1,338,055</u> | <u>3,076,832</u> |
| Fund Balances: | | | |
| Nonspendable | | | |
| Prepaid items | 1,428 | - | 1,428 |
| Inventories | 306,738 | - | 306,738 |
| Property held for resale | 1,107,723 | - | 1,107,723 |
| Restricted | | | |
| Purchase of capital assets | 1,521,922 | 2,005,772 | 3,527,694 |
| Community development | - | 328,275 | 328,275 |
| Economic development | - | 624,642 | 624,642 |
| Public safety and law enforcement | - | 649,636 | 649,636 |
| Unassigned | 15,177,437 | - | 15,177,437 |
| Total fund balances | <u>18,115,248</u> | <u>3,608,325</u> | <u>21,723,573</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 22,495,554</u> | <u>\$ 8,782,505</u> | <u>\$ 31,278,059</u> |

The accompanying notes are an integral part of these statements.

**CITY OF SUMTER, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019**

Amounts reported for government activities in the statement of net position are different because:

| | |
|---|---------------|
| Total fund balance of governmental funds (page 27) | \$ 21,723,573 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 78,668,952 |
| Other long-term assets are not available to pay for current-period expenditures and therefore, are considered deferred inflows of resources in the funds: | |
| Property taxes | 458,739 |
| Mortgages/Contributions | 327,499 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds: | |
| Accrued compensated absences | (4,763,992) |
| Accrued interest | (285,894) |
| Bonds and leases payable | (18,278,097) |
| Net pension liability | (39,578,659) |
| Net other post employment benefits liability | (11,235,852) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: | |
| Deferred pension charges | 6,964,635 |
| Deferred other post employment benefits charges | 575,492 |
| Deferred pension credits | (358,650) |
| Deferred other post employment benefits credits | (85,550) |
| Net position of governmental activities (page 25) | \$ 34,132,196 |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------------|--------------------------------|
| Revenues | | | |
| Taxes | | | |
| Property and vehicle and fire fees | \$ 9,827,658 | \$ - | \$ 9,827,658 |
| Sales | 4,585,665 | 3,609,682 | 8,195,347 |
| Licenses, permits, and franchise fees | 10,789,146 | 1,230,209 | 12,019,355 |
| Intergovernmental revenue | | | |
| State and federal governments | 2,307,756 | 2,348,510 | 4,656,266 |
| Local governments | 4,466,287 | - | 4,466,287 |
| Charges for services | | | |
| Sanitation fees and container rentals | 2,871,687 | - | 2,871,687 |
| Other | 619,757 | - | 619,757 |
| Fines, fees, and forfeitures | 236,776 | 168,978 | 405,754 |
| Interest income and investment return | 126,318 | 37,544 | 163,862 |
| Other | 533,121 | 524,025 | 1,057,146 |
| Total revenues | <u>36,364,171</u> | <u>7,918,948</u> | <u>44,283,119</u> |
| Expenditures | | | |
| Current | | | |
| General government administration | 6,707,987 | 74,926 | 6,782,913 |
| Public safety and law enforcement | 20,243,719 | 978,247 | 21,221,966 |
| Public works | 4,683,513 | 54,824 | 4,738,337 |
| Parks, recreation and culture | 3,076,497 | 471,757 | 3,548,254 |
| Community development | - | 371,838 | 371,838 |
| Economic development | 1,381,833 | 793,277 | 2,175,110 |
| Debt Service | | | |
| Principal retirement-bond obligations | 699,708 | 308,003 | 1,007,711 |
| Principal retirement-capital lease obligations | 1,433,609 | - | 1,433,609 |
| Interest and fiscal charges | 228,573 | 83,533 | 312,106 |
| Capital Outlay | | | |
| General government administration | 53,657 | - | 53,657 |
| Public safety | 1,921,922 | 809,985 | 2,731,907 |
| Public works | 744,582 | - | 744,582 |
| Parks, recreation and culture | 457,137 | 2,154,067 | 2,611,204 |
| Community development | - | - | - |
| Economic development | 2,457,830 | 123,530 | 2,581,360 |
| Total expenditures | <u>44,090,567</u> | <u>6,223,987</u> | <u>50,314,554</u> |
| Excess (deficiency) of revenues over (under) expenditures | (7,726,396) | 1,694,961 | (6,031,435) |
| Other financing sources (uses) | | | |
| Transfers in | 3,651,574 | 455,159 | 4,106,733 |
| Transfers out | (278,117) | (1,905,413) | (2,183,530) |
| Sale of capital assets | 667,429 | - | 667,429 |
| Proceeds from issuance of bonds | - | 2,000,000 | 2,000,000 |
| Proceeds of capital leases | 1,896,000 | - | 1,896,000 |
| Total other financing sources | <u>5,936,886</u> | <u>549,746</u> | <u>6,486,632</u> |
| Net change in fund balances | (1,789,510) | 2,244,707 | 455,197 |
| Fund balances, beginning of year, as restated | 19,904,758 | 1,363,618 | 21,268,376 |
| Fund balances, end of year | <u>\$ 18,115,248</u> | <u>\$ 3,608,325</u> | <u>\$ 21,723,573</u> |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (page 26) are different because:

Net change in fund balances -- total governmental funds (page 29) \$ 455,197

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

| | |
|--|-------------|
| Capital outlays capitalized | 8,722,710 |
| Depreciation expense not recorded in funds | (6,601,097) |
| Loss on disposition of capital assets | (593,306) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

| | |
|-------------------------|---------|
| Property taxes | 29,510 |
| Donated capital assets | 384,000 |
| Mortgages/Contributions | 103,415 |
| Unrealized gain/(loss) | 21,810 |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

| | |
|----------------------------|-------------|
| Payments on long-term debt | 2,441,321 |
| Issuance of long-term debt | (3,896,000) |

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 | (160,087) |
| Compensated absences | (367,896) |

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities (1,698,121)

Changes in the City's net other post employment benefits (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities 100,430

Change in net position of governmental activities (page 26) \$ (1,058,114)

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -- GENERAL FUND
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Over (Under) |
|---|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 14,092,269 | \$ 14,092,269 | \$ 9,827,658 | \$ (4,264,611) |
| Sales | - | - | 4,585,665 | 4,585,665 |
| Licenses, permits and franchise fees | 9,562,367 | 9,562,367 | 10,789,146 | 1,226,779 |
| Intergovernmental revenue | | | | |
| State government | 968,069 | 1,758,069 | 2,307,756 | 549,687 |
| Local governments | 4,685,664 | 4,685,664 | 4,466,287 | (219,377) |
| Charges for services | | | | |
| Sanitation fees and container rentals | 2,894,300 | 2,894,300 | 2,871,687 | (22,613) |
| Other | 437,700 | 437,700 | 619,757 | 182,057 |
| Fines, fees, and forfeitures | 279,000 | 279,000 | 236,776 | (42,224) |
| Interest income and investment return | 50,000 | 50,000 | 126,318 | 76,318 |
| Other | 240,000 | 240,000 | 533,121 | 293,121 |
| Total revenues | 33,209,369 | 33,999,369 | 36,364,171 | 2,364,802 |
| EXPENDITURES | | | | |
| General government administration: | | | | |
| Administration | 2,371,732 | 1,641,152 | 2,335,990 | 694,838 |
| City store | 128,529 | 88,929 | 87,355 | (1,574) |
| Planning | 872,605 | 866,663 | 788,200 | (78,463) |
| Business license department | 229,997 | 229,997 | 243,851 | 13,854 |
| Appropriations to other agencies | 312,290 | 312,290 | 322,758 | 10,468 |
| General insurance | 632,500 | 632,500 | 761,453 | 128,953 |
| Retiree insurance | 863,854 | 863,854 | 866,814 | 2,960 |
| Maintenance contracts | 1,439,885 | 780,473 | 810,583 | 30,110 |
| Miscellaneous | (1,501,757) | 340,437 | 490,983 | 150,546 |
| | 5,349,635 | 5,756,295 | 6,707,987 | 951,692 |
| Public Safety and Law Enforcement: | | | | |
| Police | 11,959,350 | 11,872,177 | 11,948,489 | 76,312 |
| Fire | 6,745,147 | 6,681,674 | 6,902,753 | 221,079 |
| Building inspection | 913,973 | 913,973 | 783,031 | (130,942) |
| Codes enforcement | 416,734 | 430,798 | 398,015 | (32,783) |
| Municipal court | 207,542 | 207,542 | 211,431 | 3,889 |
| | 20,242,746 | 20,106,164 | 20,243,719 | 137,555 |
| Public Works: | | | | |
| Construction | 753,732 | 631,635 | 608,227 | (23,408) |
| Public works | 1,337,626 | 1,102,245 | 1,129,111 | 26,866 |
| Buildings and grounds maintenance | 30,000 | 31,052 | 41,468 | 10,416 |
| Sanitation | 2,710,161 | 2,710,161 | 2,794,900 | 84,739 |
| Vehicle maintenance | 136,591 | 94,532 | 109,807 | 15,275 |
| | 4,968,110 | 4,569,625 | 4,683,513 | 113,888 |

Continued

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -- GENERAL FUND
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Over (Under) |
|---|------------------|---------------|-------------------|---|
| | Original | Final | | |
| Parks, recreation and culture | | | | |
| Parks | 1,149,053 | 1,105,364 | 1,166,456 | 61,092 |
| Gardens | 772,161 | 772,161 | 659,760 | (112,401) |
| Tennis | 585,190 | 585,190 | 580,904 | (4,286) |
| Aquatics | 367,603 | 367,603 | 305,299 | (62,304) |
| Opera House | 263,400 | 263,400 | 364,078 | 100,678 |
| | 3,137,407 | 3,093,718 | 3,076,497 | (17,221) |
| Economic Development: | | | | |
| Downtown revitalization programs | 673,994 | 673,994 | 712,984 | 38,990 |
| Liberty Center | 38,000 | 38,000 | 34,780 | (3,220) |
| Hope Centers | 710,611 | 710,611 | 634,069 | (76,542) |
| | 1,422,605 | 1,422,605 | 1,381,833 | (40,772) |
| Debt service | | | | |
| Principal retirement-bond obligations | 699,707 | 699,707 | 699,708 | 1 |
| Principal retirement-capital lease obligations | 1,265,094 | 1,265,094 | 1,433,609 | 168,515 |
| Interest and fiscal charges | 217,166 | 217,166 | 228,573 | 11,407 |
| | 2,181,967 | 2,181,967 | 2,361,890 | 179,923 |
| Capital Outlay | | | | |
| General government administration | - | 25,000 | 53,657 | 28,657 |
| Public safety | 1,032,338 | 1,718,828 | 1,921,922 | 203,094 |
| Public works | 962,235 | 1,041,207 | 744,582 | (296,625) |
| Parks, recreation and culture | - | - | 457,137 | 457,137 |
| Economic Development: | - | 797,634 | 2,457,830 | 1,660,196 |
| | 1,994,573 | 3,582,669 | 5,635,128 | 2,052,459 |
| | | | | |
| Total expenditures | 39,297,043 | 40,713,043 | 44,090,567 | 3,377,524 |
| | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (6,087,674) | (6,713,674) | (7,726,396) | (1,012,722) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,586,174 | 3,586,174 | 3,651,574 | 65,400 |
| Transfer in from reserves | 1,100,000 | 1,100,000 | - | (1,100,000) |
| Transfers out | (68,500) | (68,500) | (278,117) | (209,617) |
| Sale of capital assets | 200,000 | 200,000 | 667,429 | 467,429 |
| Proceeds of capital leases | 1,270,000 | 1,896,000 | 1,896,000 | - |
| Total other financing sources (uses) | 6,087,674 | 6,713,674 | 5,936,886 | (776,788) |
| | | | | |
| Net change in fund balances | - | - | (1,789,510) | (1,789,510) |
| Fund balances, beginning of year, as restated | 19,904,758 | 19,904,758 | 19,904,758 | - |
| Fund balances, end of year | \$ 19,904,758 | \$ 19,904,758 | \$ 18,115,248 | \$ (1,789,510) |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2019

| Assets | Enterprise Funds | | |
|--|-------------------------|--|----------------------|
| | Water and Sewer Fund | Non-major Storm Water Utility Fund | Totals |
| | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,384,309 | \$ 1,290,330 | \$ 3,674,639 |
| Investments | 10,692,528 | - | 10,692,528 |
| Accounts receivable, net of allowance for uncollectibles | 3,604,035 | 377,254 | 3,981,289 |
| Total current assets | 16,680,872 | 1,667,584 | 18,348,456 |
| Non-current assets: | | | |
| Restricted cash and cash equivalents | 1,407,022 | - | 1,407,022 |
| Accounts receivable, net of allowance for uncollectibles | 186,398 | - | 186,398 |
| Property held for resale | 325,874 | - | 325,874 |
| Capital assets, not being depreciated | 1,726,544 | 363,822 | 2,090,366 |
| Capital assets, depreciable, net of accumulated depreciation | 107,757,490 | 1,635,852 | 109,393,342 |
| Total non-current assets | 111,403,328 | 1,999,674 | 113,403,002 |
| Total assets | 128,084,200 | 3,667,258 | 131,751,458 |
| Deferred Outflows of Resources | | | |
| Deferred loss on bond refunding | 2,017,087 | - | 2,017,087 |
| Deferred pension charges | 1,297,550 | 22,834 | 1,320,384 |
| Deferred other post employment benefits charges | 143,872 | - | 143,872 |
| Total deferred outflows of resources | 3,458,509 | 22,834 | 3,481,343 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accrued interest payable | 162,892 | - | 162,892 |
| Accounts payable | 1,169,077 | 108,973 | 1,278,050 |
| Accrued payroll | 208,280 | 3,697 | 211,977 |
| Customer deposits | 356,775 | - | 356,775 |
| Compensated absences payable | 174,746 | 2,876 | 177,622 |
| Bonds and leases payable - current portion | 2,285,842 | - | 2,285,842 |
| Total current liabilities | 4,357,612 | 115,546 | 4,473,158 |
| Non-current liabilities: | | | |
| Compensated absences payable | 524,233 | 8,624 | 532,857 |
| Bonds and leases payable | 46,801,233 | - | 46,801,233 |
| Net pension liability | 9,429,169 | 150,139 | 9,579,308 |
| Net other employment benefits liability | 2,808,963 | - | 2,808,963 |
| Total non-current liabilities | 59,563,598 | 158,763 | 59,722,361 |
| Total liabilities | 63,921,210 | 274,309 | 64,195,519 |
| Deferred Inflows of Resources | | | |
| Deferred pension credits | 38,286 | (2,990) | 35,296 |
| Deferred other post employment benefits credits | 21,388 | - | 21,388 |
| Total deferred inflows of resources | 59,674 | (2,990) | 56,684 |
| Net Position | | | |
| Net investment in capital assets | 62,414,046 | 1,999,674 | 64,413,720 |
| Restricted for debt service | 1,407,022 | - | 1,407,022 |
| Unrestricted | 3,740,757 | 1,419,099 | 5,159,856 |
| Total net position | \$ 67,561,825 | \$ 3,418,773 | \$ 70,980,598 |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

| | Enterprise Funds | | |
|--|-------------------------|--|----------------------|
| | Water and Sewer Fund | Non-major Storm Water Utility Fund | Totals |
| Operating revenue | | | |
| Charges for services | | | |
| Water | \$ 10,393,606 | \$ - | \$ 10,393,606 |
| Sewer | 10,400,081 | - | 10,400,081 |
| Storm water | - | 770,741 | 770,741 |
| Other operating revenue | 1,808,087 | - | 1,808,087 |
| Total operating revenues | <u>22,601,774</u> | <u>770,741</u> | <u>23,372,515</u> |
| Operating expenses | | | |
| Salaries and wages | 4,948,834 | 110,245 | 5,059,079 |
| Employee benefits | 2,417,614 | 29,227 | 2,446,841 |
| Bad debts | 248,974 | 8,446 | 257,420 |
| Utilities | 2,123,887 | - | 2,123,887 |
| Purchased services | 1,383,363 | 74,226 | 1,457,589 |
| Materials and supplies | 1,168,336 | 14,779 | 1,183,115 |
| Other operating expense | 3,001,605 | 5,980 | 3,007,585 |
| Depreciation | 5,950,737 | 156,040 | 6,106,777 |
| Total operating expenses | <u>21,243,350</u> | <u>398,943</u> | <u>21,642,293</u> |
| Operating income | 1,358,424 | 371,798 | 1,730,222 |
| Non-operating revenues (expenses) | | | |
| Interest expense | (1,942,182) | - | (1,942,182) |
| Miscellaneous expense | (202,139) | (55,271) | (257,410) |
| Capital grants | (5,594) | 335,367 | 329,773 |
| Interest income and investment return | 462,989 | - | 462,989 |
| Gain (loss) on sale of capital assets | (92,161) | - | (92,161) |
| Economic Development | (22,186) | - | (22,186) |
| Miscellaneous revenue | 114,466 | - | 114,466 |
| Total non-operating revenues (expenses) | <u>(1,686,807)</u> | <u>280,096</u> | <u>(1,406,711)</u> |
| Income before contributions and transfers | (328,383) | 651,894 | 323,511 |
| Capital contributions | 271,777 | 115,650 | 387,427 |
| Transfers out | (1,923,203) | - | (1,923,203) |
| Change in net position | <u>(1,979,809)</u> | <u>767,544</u> | <u>(1,212,265)</u> |
| Total net position, beginning of year, as restated | 69,541,634 | 2,651,229 | 72,192,863 |
| Total net position, end of year | <u>\$ 67,561,825</u> | <u>\$ 3,418,773</u> | <u>\$ 70,980,598</u> |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

| | Enterprise Funds | | |
|--|-------------------------|-----------------------------|---------------------|
| | Water and Sewer Fund | Non-major | |
| | | Storm Water Utility Fund | Totals |
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 22,734,898 | \$ 885,384 | \$ 23,620,282 |
| Payments to suppliers | (8,298,267) | (14,504) | (8,312,771) |
| Payments to employees | (6,904,445) | (126,508) | (7,030,953) |
| Net Cash Flows Provided by Operating Activities | <u>7,532,186</u> | <u>744,372</u> | <u>8,276,558</u> |
| Cash Flows from Non-capital Financing Activities | | | |
| Other non-operating revenue | 114,466 | - | 114,466 |
| Other non-operating expense | (229,919) | (55,271) | (285,190) |
| Transfer to other fund | (1,923,203) | - | (1,923,203) |
| Net Cash Flows Provided (Used) by Non-Capital Financing Activities | <u>(2,038,656)</u> | <u>(55,271)</u> | <u>(2,093,927)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Proceeds from capital grants | - | 335,367 | 335,367 |
| Proceeds from disposition of capital assets | 93,061 | - | 93,061 |
| Purchase and construction of capital assets | (8,162,945) | (548,483) | (8,711,428) |
| Principal paid on capital debt | (3,103,497) | - | (3,103,497) |
| Interest paid on capital debt | (1,951,648) | - | (1,951,648) |
| Net Cash Flows Used by Capital Financing Activities | <u>(13,125,029)</u> | <u>(213,116)</u> | <u>(13,338,145)</u> |
| Cash Flows from Investing Activities | | | |
| Interest on cash and cash equivalents | 265,298 | - | 265,298 |
| Net Cash Provided by Investing Activities | <u>265,298</u> | <u>-</u> | <u>265,298</u> |
| Increase (Decrease) in cash and cash equivalents | (7,366,201) | 475,985 | (6,890,216) |
| Cash and cash equivalents, beginning of year | 11,157,532 | 814,345 | 11,971,877 |
| Cash and cash equivalents, end of year | <u>\$ 3,791,331</u> | <u>\$ 1,290,330</u> | <u>\$ 5,081,661</u> |
| Reconciliation of net operating income to net cash provided (used) by operating activities: | | | |
| Operating income | \$ 1,358,424 | \$ 371,798 | \$ 1,730,222 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 5,950,737 | 156,040 | 6,106,777 |
| Change in current assets and liabilities: | | | |
| Decrease in accounts receivable | 374,383 | 123,089 | 497,472 |
| Decrease in deferred outflows of resources | 324,091 | 7,001 | 331,092 |
| Increase in accrued absences | 74,490 | 4,004 | 78,494 |
| Increase in customer deposits | 7,715 | - | 7,715 |
| Increase (decrease) in accounts payable | (621,076) | 80,481 | (540,595) |
| Increase in accrued payroll | 35,610 | 1,369 | 36,979 |
| Decrease in net pension liability | (25,034) | (504) | (25,538) |
| Decrease in net OPEB liability | (18,690) | - | (18,690) |
| Increase in deferred inflows of resources | 71,536 | 1,094 | 72,630 |
| Net cash provided (used) by operating activities | <u>\$ 7,532,186</u> | <u>\$ 744,372</u> | <u>\$ 8,276,558</u> |
| Noncash Capital and Related Financing Items | | | |
| Capital contributions | <u>\$ 271,777</u> | <u>\$ 115,650</u> | <u>\$ 387,427</u> |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2019

| | Private Purpose Trusts | Agency Funds |
|----------------------------------|------------------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 9,216 | \$ 3,611,904 |
| Receivables | - | 189,974 |
| Total assets | 9,216 | 3,801,878 |
| Liabilities | | |
| Accounts payable | - | 177,483 |
| Unearned revenue | - | 500 |
| Due to customers | - | 49,125 |
| Due to other organization | - | 3,574,770 |
| Total liabilities | - | 3,801,878 |
| Net Position | | |
| Held in trust for other purposes | \$ 9,216 | \$ - |

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2019

| Additions | |
|---------------------------------|----------|
| Interest | \$ 132 |
| Contributions | - |
| Total additions | 132 |
| Deductions | |
| Distributions to beneficiaries | - |
| Total deductions | - |
| Change in net position | 132 |
| Net position, beginning of year | 9,084 |
| Net position, end of year | \$ 9,216 |

The accompanying notes are an integral part of these statements.

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CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sumter, South Carolina was chartered in 1845 and incorporated in 1976. The City operates under a Council-Manager form of government which it adopted in 1912. Under this form of government, the City is governed by six council members elected from single-member districts and a mayor elected at large who serves as council chair. The council is the legislative body of the City and has the major responsibility for determining the policies and direction of the municipal government. The City manager reports to Council and is responsible for the City's daily operations.

The City's financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting Entity

As required by GAAP, basic financial statements of governmental units include not only information about the reporting, (i.e., primary) government but also about component units. Component units are organizations for which the primary government is financially accountable or organizations which are sufficiently significant to the primary government that their exclusion could cause the financial statements to be misleading or incomplete. Based on the applicable criteria, the City has determined it has no component units and that it is not a component unit of another entity. Therefore, the City reports as a primary entity.

The City's fiduciary funds are not included in the government wide-financial statements. The City's fiduciary activities are used to report assets held by the City in a trustee or agency capacity and which, therefore, can't be used to support the City's own programs. The City's fiduciary funds are primarily revenue collected for water companies other than the City of Sumter's, and funds escrowed for their respective programs.

B. Basis of Presentation

The City's financial statements are presented from two perspectives, the government-wide perspective and the fund perspective.

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. The two statements report information on all the non-fiduciary activities of the City (the "primary government"). Separate columns are used to distinguish between the City's *governmental activities*, which normally are supported by taxes and intergovernmental revenues, and the City's *business-type activities*, which rely to a significant extent on fees and charges for support. *Governmental activities* generally incorporate data from governmental funds (see discussion below) while *business-type activities* generally incorporate data from enterprise funds.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as net position, not as fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

**CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019**

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The use of multiple funds gives rise to interfund activity. Most, but not all, of this internal activity is eliminated from the government-wide statement of activities. Except for net residual balances which are reported as internal balances, amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns of the Statement of Net Position. Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of net position as receivable from and payable to external parties.

Fund financial statements present separate information for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column. Fiduciary funds are reported by fund type. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category of type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental fund types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and deferred outflows of resources, and liabilities and deferred inflows of resources, (except for those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The City reports one major governmental fund, the general fund. The **General Fund** is the general operating fund of the City and accounts for all revenues and expenditures of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures, capital improvement costs, and general debt service that are not paid through other funds are paid from the General Fund.

In addition, the City reports one nonmajor governmental fund type, the special revenue fund. The **Special Revenue Fund**, is used to account for the proceeds of designated specific revenue sources that are restricted by law or administrative actions to expenditures for specified purposes. Special revenue funds consist of the following:

| | | |
|------------------------------------|------------------------|---------------------|
| USDA Rural Business | Firemen's Fund | Narcotics Fund |
| HUD Section 108 | Empowerment Zone | Victim's Assistance |
| Federal/State Grants | Main Street Society | Emergency 911 |
| Community Development Block Grants | Local Hospitality Fee | CDBG HOME |
| State Accommodations Tax | Sunday Alcohol Permits | Downtown Loan |
| Local Accommodations Fee | | |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Proprietary Funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City reports one major enterprise fund, the **Water and Sewer Fund**, which is used to account for operations of the City's water and sewer system. The City also reports one nonmajor enterprise fund, the **Storm Water Utility Fund**.

Fiduciary Fund Types include the *Private Purpose Trust Fund* and the *Agency Fund*. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds. The private purpose trust fund is used to account for resources legally held in trust. The Agency Fund is generally used to account for miscellaneous assets that the government holds on behalf of others. The Agency Fund is custodial in nature and does not present results of operations.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. As a general rule, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Additionally, the effect of interfund activity has been eliminated from the government-wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be identified and available means collectible within the current period or soon enough thereafter (generally not to exceed 60 days) to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise fees, business licenses, charges for services, and hospitality fees. Revenues from state and federal grants are recorded when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Interest revenue is considered available when earned.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Under this method, the accrual basis of accounting is utilized, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position by distinguishing operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 non-operating revenues and expenses.

D. Budgetary Information

Annual budgets are adopted for the general fund, the Local Hospitality, the Local Accommodation Tax, and the Victim's Assistance special revenue funds, and the water and sewer enterprise fund. The general fund and the three special revenue funds budgets are prepared on a basis consistent with generally accepted accounting principles. The City's administration prepares the budget no later than June 30. The appropriated budget is prepared by fund, function, department, activity and object and can be amended throughout the year by City Council approval. The City Manager may make transfers of appropriations within and among functions and funds. The legal level of budgetary control is total expenditures for the four budgeted funds on an individual basis. All annual appropriations lapse at fiscal year end.

E. Assets, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All investments are reported at fair value. Cash equivalents, for purposes of the statement of cash flows for proprietary funds, are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). Short-term advances between funds are accounted for in the appropriate inter-fund receivable and payable accounts as "due to/from" funds.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 71 percent of outstanding property taxes at June 30, 2019.

Notes receivable are housing rehabilitation loans which were made under terms of expired Federal grant programs and recorded as receivables with offsetting deferred inflows of resources (explained later). Revenue is recognized only when cash is received.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Inventories and Prepaid Items

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventories in the general fund consist of fuel, cleaning and office supplies, and promotional items. Payments to vendors that reflect costs applicable to a future period are recorded as prepaid items in both the government-wide and the fund financial statements.

Real Estate Held for Resale

Real estate held for resale is recorded at the lower of cost or its net realizable value.

Restricted Assets

Certain proceeds of general fund bonds and capital leases and enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. If both restricted and unrestricted resources are to be used for the same purpose, it is the government’s policy to first use restricted resources. At year end the City reports restricted cash in the amount of \$4,934,716.

Capital Assets

Capital assets include all property, plant, equipment, vehicles, furniture, and infrastructure assets acquired or constructed. Capital assets are defined by the government as assets with a unit cost in excess of \$5,000 and an estimated useful life more than one year. These assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction in progress represents funds expended for construction of capital assets which have not yet been placed into service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| <u>Asset</u> | <u>Years</u> |
|----------------------------|--------------|
| Machinery and equipment | 3 to 10 |
| Vehicles | 5 to 10 |
| Buildings and improvements | 15 to 40 |
| Water and sewer systems | 40 |
| Infrastructure | 10 to 20 |

Capitalized Interest

Historically, the City has capitalized interest incurred (net of interest earned for tax exempt debt) in its proprietary funds during the construction of qualifying assets, however, during fiscal year 2018, the City adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which requires construction period interest to be recognized as an expense during the period it is incurred. Accordingly, during the year ended June 30, 2019, there was no capitalized interest incurred by the Water and Sewer Enterprise Fund. In the past, the City has not capitalized interest on fixed assets used in governmental activities. As such, the implementation of GASB Statement No. 89 does not affect the City’s governmental activities. For more information on GASB Statement No. 89, see Note III, F.

Deferred Outflows/Inflows of Resources

In addition to assets, The City reports deferred outflows of resources in a separate section of its government-wide and proprietary funds statements. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

In addition to liabilities, the City reports deferred inflows of resources in a separate section of its government-wide and fund statements. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period. The difference between Deferred inflows of resources in the fund statements and the government-wide statements consists primarily of unavailable revenue related to property taxes which did not meet the 'availability' criteria under the modified accrual basis of accounting (collected within 60 days after fiscal year end).

Compensated Absences

City employees may accumulate up to 90 days of earned but unused sick leave, but the City does not pay employees separating from service for unused sick leave. In lieu of overtime compensation, the City may credit employees with compensatory time at the rate of 1^{1/2} hours for each overtime hour worked. Employees who are scheduled to work on a holiday may receive an alternate day off to be scheduled by their supervisor or receive holiday pay. There is no cap on accrued compensatory or holiday time/pay. Exempt employees are not eligible for compensatory or holiday time/pay. All City employees are eligible for paid vacation. Fire suppression employees may carry forward a maximum of 900 unused vacation hours from one year to the next, and other employees may carry forward up to 600 such hours. Employees who terminate employment with the City prior to retirement can be paid for up to 24 days of unused vacation, provided they work a two week notice and have not been discharged for disciplinary reasons. In the year of their retirement from service with the City, employees may use up to 30 days of annual leave and be paid for up to 45 days of unused annual leave. All compensatory, holiday, and vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only when they mature because an employee resigns or retires.

Long-term obligations

In the government-wide financial statements and proprietary funds statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position at the face amount of the debt issued. In accordance with GASB 68, *Accounting and Financial Reporting for Pension Plans*, the City reports its share of the net pension liability in relation to the two cost-sharing, multiple-employer defined benefit pension plans that it participates in, which are administered by the South Carolina Public Employee Benefit Authority (PEBA).

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. The corresponding payments against the debt issued are reported as debt service expenditures.

Property Taxes

Taxes on real property are assessed as of January 1, levied the following September, due January 15, and become delinquent March 15. Liens attach to the property at the time the taxes are levied. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Net Position

The components of the City's net position are classified as follows:

- *Net investment in capital assets:* This represents the City's total investment in capital assets, net of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.
- *Restricted net position:* Restricted net position includes resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties such as state laws and lenders.
- *Unrestricted net position:* Unrestricted net position represents resources which may be used to meet current expenses for any purpose.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Governmental Fund Balances

Governmental fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

- *Nonspendable:* The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.
- *Restricted:* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., city ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- *Committed:* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or by a City official or body to which Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

F. Pensions

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

G. Other Post-Employment Benefits

Other Post-Employment Benefits (“OPEB”) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see note IV. D for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 75.

H. Capital Contributions

On the government-wide and enterprise fund financial statements the City reports contributions of capital as a result of outside capital asset contributions, contributions from other funds or from grants or outside contributions of resources restricted to capital acquisition and construction.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash Deposits

As of June 30, 2019, the carrying amount of the government’s bank deposits was \$7,608,474 and the respective bank balances totaled \$9,923,603. Of the total bank balances, \$1,148,465 was insured through the Federal Depository Insurance Corporation (FDIC). Of the remaining balance \$8,704,218 was collateralized with securities held by the financial institutions in the government’s name. Additional collateral was moved into the City’s name to cover the shortage of \$70,920 on July 1, 2019.

Investments

As of June 30, 2019, in accordance with South Carolina law applicable to local government deposits and investments, the government had the following investments:

| Investments | Maturities | Fair Value |
|---|---------------|----------------------|
| Insured or registered, or held by the government or its agent in the government’s name: | | |
| Investment in South Carolina Pooled Investment Fund | Short-term | \$ 15,137,833 |
| Repurchase Certificates-Treasury and federal agency securities | Short-term | 11,787,595 |
| Federal Treasury Obligation Fund #398 | Short-term | 1,407,022 |
| Fidelity Prime Fund Daily Money Class | 1 to 180 days | 575 |
| | | <u>\$ 28,333,025</u> |

The City’s investments also include a life insurance contract on the life of an employee. At year end, this contract had a cash surrender value of \$32,358.

South Carolina Pooled Investment Fund

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments in repurchase agreements are valued using significant other observable inputs (Level 2). The SC State investment pool is measured at the Net Asset Value.

Credit Risk

State law limits local government investments to (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation (FDIC); (4) certificates of deposits and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and (5) no load open and closed-end portfolios of certain investment companies with issues of the US Government. The City has no investment policy that would further limit its investment choices. As of year end, the City's investment in the South Carolina Pooled Investment Fund was unrated. The government's investments in Federated Treasury Obligation Fund #398 and Fidelity Prime Fund Daily Money Class were both rated Aaa-mf by Moody's and AAAM by Standard & Poor's.

Interest Rate Risk.

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The City held no investments with original maturity greater than 3 months at year end. As such, management considers any interest rate risk as of June 30, 2019, to be insignificant.

B. Receivables

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

| | General Fund | Special Revenue Fund | Water and Sewer Fund | Total |
|------------------------------------|---------------------|----------------------------|----------------------------|----------------------|
| Current: | | | | |
| Taxes | | | | |
| Property | \$ 1,641,363 | \$ - | \$ - | \$ 1,641,363 |
| Sales and franchise | - | 662,548 | - | 662,548 |
| Intergovernmental | 467,770 | 2,725,730 | 350,107 | 3,543,607 |
| Accounts | 2,834,877 | - | 2,774,266 | 5,609,143 |
| Unbilled receivables | - | - | 1,016,358 | 1,016,358 |
| Loans and notes | 216,499 | 598,144 | 45,000 | 859,643 |
| Interest | - | - | - | - |
| Other | - | - | 71,810 | 71,810 |
| Non-current: | | | | |
| Notes | - | - | 186,398 | 186,398 |
| Other | - | - | - | - |
| Gross receivables | 5,160,509 | 3,986,422 | 4,443,939 | 13,590,870 |
| Less, allowance for uncollectibles | (1,244,323) | - | (276,252) | (1,520,575) |
| Net total receivables | <u>\$ 3,916,186</u> | <u>\$ 3,986,422</u> | <u>\$ 4,167,687</u> | <u>\$ 12,070,295</u> |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At year end, the City reports \$9,383 in unearned revenue in relation to charges that were received in advance of the applicable reporting period.

D. Capital Assets

Capital asset activity for the City for the year ended June 30, 2019 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------------|--------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 12,515,054 | \$ 760,081 | \$ 410,147 | \$ - | \$ 12,864,988 |
| Works of Art | 574,760 | - | - | - | 574,760 |
| Construction in progress | 3,216,430 | 3,612,618 | - | (4,147,607) | 2,681,441 |
| Total capital assets not being depreciated | <u>16,306,244</u> | <u>4,372,699</u> | <u>410,147</u> | <u>(4,147,607)</u> | <u>16,121,189</u> |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 35,669,962 | 384,000 | - | - | 36,053,962 |
| Buildings and improvements | 55,934,717 | 25,596 | - | 2,844,262 | 58,804,575 |
| Motor vehicles and outdoor equipment | 24,428,505 | 3,268,077 | 1,605,530 | 1,303,345 | 27,394,397 |
| Office equipment | 5,489,980 | 1,056,338 | - | - | 6,546,318 |
| Total capital assets being depreciated | <u>121,523,164</u> | <u>4,734,011</u> | <u>1,605,530</u> | <u>4,147,607</u> | <u>128,799,252</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 24,024,479 | 1,543,414 | - | - | 25,567,893 |
| Buildings and improvements | 15,189,168 | 1,991,398 | - | - | 17,180,566 |
| Motor vehicles and outdoor equipment | 17,564,578 | 2,466,478 | 1,422,371 | - | 18,608,685 |
| Office equipment | 4,294,538 | 599,807 | - | - | 4,894,345 |
| Total accumulated depreciation | <u>61,072,763</u> | <u>6,601,097</u> | <u>1,422,371</u> | <u>-</u> | <u>66,251,489</u> |
| Total capital assets being depreciated, net | <u>60,450,401</u> | <u>(1,867,086)</u> | <u>183,159</u> | <u>4,147,607</u> | <u>62,547,763</u> |
| Governmental activities capital assets, net | <u>\$ 76,756,645</u> | <u>\$ 2,505,613</u> | <u>\$ 593,306</u> | <u>\$ -</u> | <u>\$ 78,668,952</u> |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-----------------------|---------------------|-------------------|---------------------|-----------------------|
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,338,672 | \$ 96,425 | \$ - | \$ - | \$ 1,435,097 |
| Construction in progress | 12,479,547 | 5,498,382 | - | (17,322,660) | 655,269 |
| Total capital assets not being depreciated | <u>13,818,219</u> | <u>5,594,807</u> | <u>-</u> | <u>(17,322,660)</u> | <u>2,090,366</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 493,653 | 218,834 | - | 2,676,595 | 3,389,082 |
| Plants and improvements | 91,796,423 | 5,983 | - | - | 91,802,406 |
| Distribution and collection system | 55,426,578 | 1,978,661 | 867,637 | 14,267,112 | 70,804,714 |
| Wells and tanks | 6,279,363 | 168,149 | 377,009 | 378,953 | 6,449,456 |
| Machinery and equipment | 14,993,428 | 1,132,421 | 1,561,310 | - | 14,564,539 |
| Total capital assets being depreciated | <u>168,989,445</u> | <u>3,504,048</u> | <u>2,805,956</u> | <u>17,322,660</u> | <u>187,010,197</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 370,236 | 101,140 | - | - | 471,376 |
| Plants and improvements | 40,799,810 | 2,165,792 | 1,782,031 | - | 41,183,571 |
| Distribution and collection system | 17,703,618 | 2,105,313 | 288,055 | - | 19,520,876 |
| Wells and tanks | 3,989,722 | 392,712 | 241,209 | - | 4,141,225 |
| Machinery and equipment | 11,267,425 | 1,341,821 | 309,439 | - | 12,299,807 |
| Total accumulated depreciation | <u>74,130,811</u> | <u>6,106,778</u> | <u>2,620,734</u> | <u>-</u> | <u>77,616,855</u> |
| Total capital assets being depreciated, net | <u>94,858,634</u> | <u>(2,602,730)</u> | <u>185,222</u> | <u>17,322,660</u> | <u>109,393,342</u> |
| Business-type activities capital assets, net | <u>\$ 108,676,853</u> | <u>\$ 2,992,077</u> | <u>\$ 185,222</u> | <u>\$ -</u> | <u>\$ 111,483,708</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 622,397 |
| Public safety | 2,670,294 |
| Public works | 1,739,997 |
| Parks, recreation and culture | 917,898 |
| Community development | 305,792 |
| Economic development | 344,719 |
| Total depreciation expense - governmental activities | <u>\$ 6,601,097</u> |
| Business-type activities: | |
| Water and sewer services | \$ 6,106,778 |
| Total depreciation expense - business type activities | <u>\$ 6,106,778</u> |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Construction in progress and construction commitments for governmental activities and business-type activities consisted of the following at year end:

| | Expenditures | Total | Contract |
|---|---------------------|----------------------|-----------------------|
| | To Date | Contract (1) | Payments Remaining |
| <i>Governmental Activities</i> | | | |
| Palmetto Tennis Center Expansion - Phase II | \$ 273,419 | \$ 3,900,000 | \$ 3,626,581 |
| Aquatics Center Expansion | 88,655 | 1,500,000 | 1,411,345 |
| Downtown Wayfinding Project | 206,330 | 225,000 | 18,670 |
| Birnie Park Expansion | 3,911 | 925,000 | 921,089 |
| Lemira School Area Park | 132,135 | 100,000 | (32,135) |
| Memorial Park Construction | 925,984 | 983,025 | 57,041 |
| Swan Lake Entrance | 219,185 | 2,900,000 | 2,680,815 |
| City Fiber Loop | 770,781 | 1,250,000 | 479,219 |
| South Sumter Park Improves | 5,600 | 950,000 | 944,400 |
| Artillery Road Park | 5,800 | 37,500 | 31,700 |
| Opera House Renovations | 22,618 | 40,000 | 17,382 |
| Police Station - Greir Street Ext | 27,023 | 117,575 | 90,552 |
| <i>Total Governmental</i> | <u>\$ 2,681,441</u> | <u>\$ 12,928,100</u> | <u>\$ 10,246,659</u> |
| <i>Business-type Activities</i> | | | |
| New Well #4 Waterplant #5 | \$ 16,291 | \$ 1,000,000 | \$ 983,709 |
| Mayesville Sewer Connection to City | 175,586 | 738,836 | 563,250 |
| Well Rehab- Well #3 Walter Plant #5 | 99,570 | 202,435 | 102,865 |
| Sunway Knolls Storm Drain | 250,000 | 428,135 | 178,135 |
| Sumter Crosswell Storm Drain | 113,822 | 185,700 | 71,878 |
| <i>Total Business-type Activities</i> | <u>\$ 655,269</u> | <u>\$ 2,555,106</u> | <u>\$ 1,899,837</u> |
| | <u>\$ 3,336,710</u> | <u>\$ 15,483,206</u> | <u>\$ 12,146,496</u> |

(1) - An estimate was provided by management for projects that are in between contracts or where a ratified contract does not exist as of June 30, 2019.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

E. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2019, for both the City's governmental activities and business-type activities. Details by type of obligation and a summary of debt service requirements follow.

Summary of changes in long-term obligations:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 7,297,137 | \$ - | \$ 499,711 | \$ 6,797,426 | \$ 729,227 |
| Tax increment financing bonds | 4,295,000 | - | 200,000 | 4,095,000 | 345,000 |
| Revenue bonds | 262,000 | 2,000,000 | 262,000 | 2,000,000 | - |
| Notes payable | 513,000 | - | 46,000 | 467,000 | 48,000 |
| Capital leases | 4,456,281 | 1,896,000 | 1,433,610 | 4,918,671 | 1,223,141 |
| Compensated absences | 4,396,096 | 2,081,446 | 1,713,550 | 4,763,992 | 1,368,627 |
| Governmental activity long-term liabilities | <u>\$ 21,219,514</u> | <u>\$ 5,977,446</u> | <u>\$ 4,154,871</u> | <u>\$ 23,042,089</u> | <u>\$ 3,713,995</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 51,903,418 | \$ - | \$ 3,055,963 | \$ 48,847,455 | \$ 2,197,455 |
| Capital leases | 287,154 | - | 47,534 | 239,620 | 88,387 |
| Compensated absences | 631,985 | 332,680 | 254,186 | 710,479 | 177,622 |
| Business-type activity long-term liabilities | <u>\$ 52,822,557</u> | <u>\$ 332,680</u> | <u>\$ 3,357,683</u> | <u>\$ 49,797,554</u> | <u>\$ 2,463,464</u> |

General Obligation Bonds

The City has issued general obligation bonds to provide for construction and purchase of capital assets used in carrying out its governmental activities. General obligation bonds have been issued only for general government activities. General obligation bonds are direct obligations and pledge the City's full faith and credit. As of year end, the City had general obligation bonds outstanding as follows:

| | |
|---|---------------------|
| \$1,000,000 Series 2011, payable in annual installments of \$112,501 including interest at 2.31%, maturing July 2021 | \$ 322,220 |
| \$1,500,000 Series 2012, payable in annual installments of \$165,006 including interest at 2.07%, maturing September 2021 | 475,206 |
| \$6,000,000 Series 2018, payable in annual installments varying from \$647,460 to \$648,362 including interest at 2.98%, maturing July 15, 2029 | <u>6,000,000</u> |
| Total General Obligation Bonds | <u>\$ 6,797,426</u> |

Tax Increment Financing (TIF) Bonds Payable

On October 13, 2016, the City issued its \$4,500,000 Tax Increment Revenue Bond, Series 2016 (TIF), to provide funds to defray the costs of certain downtown infrastructure improvements. The primary improvements to be defrayed with proceeds of the TIF are costs associated with the design and construction of a two level parking garage to be owned by the City. The TIF represents an obligation of the City payable from the incremental tax revenues generated by the Redevelopment Project Area established by the plan set forth in an ordinance adopted December 9, 1999, as amended. Additional security for this financing is provided through a junior lien pledge of the gross revenues of the City's water and sewer system. The TIF bond outstanding at year end was:

| | |
|---|---------------------|
| \$4,500,000 Series 2016, payable in annual installments varying from \$270,790 to \$428,538 including interest at 2.04%, maturing July 2029 | <u>\$ 4,095,000</u> |
|---|---------------------|

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Revenue Bonds

The City has issued a revenue bond in order to fund construction projects which will enhance tourism as follows:

| | |
|---|---------------------|
| \$2,000,000 Hospitality Fee Revenue Bond, Series 2019, payable in semi-annual installments varying from \$41,704.00 to \$313,989 including interest at 2.71%, maturing August 2026, collateralized by assignment of hospitality fee revenue | <u>\$ 2,000,000</u> |
|---|---------------------|

The City has also issued revenue bonds to finance construction and expansion of the water and sewer system. These bonds are secured by liens on and pledges of water and sewer revenue net of system operating and maintenance costs. Water and sewer revenue bonds outstanding at year end were as follows:

| | |
|---|----------------------|
| \$815,000 Series 2000, payable in annual installments of \$65,768 including interest at 5.29%, maturing June 2020 | \$ 62,455 |
| \$52,670,000 Series 2015, payable in annual installments varying from \$1,361,956 to \$3,877,025 including interest varying from 2 to 5%, maturing in June 2041 | <u>48,785,000</u> |
| Total Revenue Bonds Payable | <u>\$ 48,847,455</u> |

Notes

The City has issued notes to finance various development projects. Notes payable at year end were as follows:

| | |
|---|-------------------|
| \$843,000 note payable in annual installments to the US Department of Housing and Urban Development in annual installments ranging from \$30,000 to \$69,000 including interest at 4.5%, maturing August 2026: Refinanced starting FY20 - FY26 at interest ranging from 2.54% to 2.86%; Interest savings of \$89,226 over 7 years | <u>\$ 467,000</u> |
|---|-------------------|

Capital Leases

The City has entered into lease agreements to finance the acquisition of buildings, vehicles and heavy equipment and office equipment used in its governmental and business-type activities. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as follows:

| Year Ending June 30, | Governmental Activities | Business-Type Activities | Totals |
|---|----------------------------|-----------------------------|--------------|
| 2020 | \$ 1,331,244 | \$ 92,312 | \$ 1,423,556 |
| 2021 | 1,157,607 | 92,312 | 1,249,919 |
| 2022 | 934,319 | 61,541 | 995,860 |
| 2023 | 810,830 | - | 810,830 |
| 2024 | 467,172 | - | 467,172 |
| Thereafter | 557,120 | - | 557,120 |
| Total minimum lease payments | 5,258,292 | 246,165 | 5,504,457 |
| Less: amount representing interest | (339,621) | (6,545) | (346,166) |
| Present value of minimum lease payments | \$ 4,918,671 | \$ 239,620 | \$ 5,158,291 |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

The assets acquired through capital leases are as follows:

| | Governmental Activities | Business-type Activities | Totals |
|--------------------------------------|----------------------------|-----------------------------|---------------------|
| Assets: | | | |
| Motor vehicles and outdoor equipment | \$ 10,648,242 | 379,308 | 11,027,550 |
| Less: accumulated depreciation | (5,444,489) | (151,723) | (5,596,212) |
| Total | <u>\$ 5,203,753</u> | <u>\$ 227,585</u> | <u>\$ 5,431,338</u> |

Summary of Debt Service Requirements

Following is a summary of debt service requirements to maturity by year for the governmental and business-type activities:

| Year Ending June 30, | Debt | | | Capital Lease Obligations | | Totals |
|---------------------------------|----------------------|----------------------|----------------------|---------------------------|-------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | |
| Governmental Activities | | | | | | |
| 2020 | \$ 1,122,227 | \$ 331,120 | \$ 1,453,347 | \$ 1,223,141 | \$ 108,103 | \$ 2,784,591 |
| 2021 | 1,412,866 | 314,097 | 1,726,963 | 1,076,217 | 81,390 | 2,884,570 |
| 2022 | 1,447,333 | 278,236 | 1,725,569 | 877,262 | 57,057 | 2,659,888 |
| 2023 | 1,206,000 | 241,472 | 1,447,472 | 774,996 | 35,834 | 2,258,302 |
| 2024 | 1,238,000 | 209,743 | 1,447,743 | 448,598 | 18,574 | 1,914,915 |
| 2025-2029 | 5,904,000 | 561,659 | 6,465,659 | 518,457 | 38,663 | 7,022,779 |
| 2030-2032 | 1,029,000 | 26,904 | 1,055,904 | - | - | 1,055,904 |
| Total | <u>\$ 13,359,426</u> | <u>\$ 1,963,231</u> | <u>\$ 15,322,657</u> | <u>\$ 4,918,671</u> | <u>\$ 339,621</u> | <u>\$ 20,580,949</u> |
| Business-Type Activities | | | | | | |
| 2020 | \$ 2,197,455 | \$ 1,739,054 | \$ 3,936,509 | \$ 88,387 | \$ 3,925 | \$ 4,028,821 |
| 2021 | 2,190,000 | 1,687,025 | 3,877,025 | 90,144 | 2,168 | 3,969,337 |
| 2022 | 2,240,000 | 1,631,650 | 3,871,650 | 61,089 | 452 | 3,933,191 |
| 2023 | 2,330,000 | 1,545,400 | 3,875,400 | - | - | 3,875,400 |
| 2024 | 2,415,000 | 1,453,944 | 3,868,944 | - | - | 3,868,944 |
| 2025-2029 | 13,340,000 | 6,033,952 | 19,373,952 | - | - | 19,373,952 |
| 2030-2034 | 13,600,000 | 3,655,687 | 17,255,687 | - | - | 17,255,687 |
| 2035-2039 | 7,145,000 | 1,689,625 | 8,834,625 | - | - | 8,834,625 |
| 2040-2044 | 3,390,000 | 145,475 | 3,535,475 | - | - | 3,535,475 |
| Total | <u>\$ 48,847,455</u> | <u>\$ 19,581,812</u> | <u>\$ 68,429,267</u> | <u>\$ 239,620</u> | <u>\$ 6,545</u> | <u>\$ 68,675,432</u> |

F. Inter-fund Receivables and Payables

Inter-fund balances arise because the City utilizes a cash pool to maximize potential interest earnings. Inter-fund balances at June 30, 2019, were:

| Receivable Fund | Payable Fund | Amount |
|-----------------|--|---------------------|
| General Fund | Federal/State Grants Fund | \$ 2,116,875 |
| General Fund | HUD Section 8 Loans Fund | 150,037 |
| General Fund | Community Development Block Grant Fund | 38,282 |
| General Fund | State Accommodations Tax Fund | 698,061 |
| General Fund | Victim's Assistance | 77,035 |
| | | <u>\$ 3,080,290</u> |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

G. Transfers In and Out

During the course of normal operations, the City makes numerous transactions between funds. Transfers of resources from a fund receiving revenue to a fund through which the resources are expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as non-operating revenues (expenses) in proprietary funds. Transfers into the general fund were primarily to recover overhead and related costs. Transfers to the state accommodations tax fund were made from the local accommodations tax fund to support tourism promotion. Transfers between funds for the year ended June 30, 2019, consisted of the following:

| Transfers out: | Transfers In: | | | | Totals |
|---------------------------------|---------------------|----------------------------------|----------------------------------|--------------------------------|---------------------|
| | General Fund | Nonmajor Governmental Fund | Water and Sewer Enterprise | Nonmajor Enterprise Fund | |
| Nonmajor governmental funds | \$ 1,728,371 | \$ 455,159 | - | - | \$ 2,183,530 |
| Water and sewer enterprise fund | 1,923,203 | - | - | - | 1,923,203 |
| Totals | \$ 3,651,574 | \$ 455,159 | \$ - | \$ - | \$ 4,106,733 |

III. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The City carries insurance for these risks of loss. Premiums for workers' compensation are paid to a public entity risk pool. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The City is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The City has enrolled substantially all its employees in the State's health insurance plans administered by the South Carolina Public Employee Benefit Authority (PEBA).

B. Employee Retirement Systems

Plan Description

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

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Membership

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

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

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of experience, and average final compensation. A brief summary of benefit terms for each system is presented below.

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

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

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

**CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019**

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

Required employee contribution rates for fiscal year 2019 are as follows:

| | |
|----------------------|---------------------------------|
| SCRS | |
| Employee Class Two | 9.00 % of earnable compensation |
| Employee Class Three | 9.00 % of earnable compensation |
| PORS | |
| Employee Class Two | 9.75 % of earnable compensation |
| Employee Class Three | 9.75 % of earnable compensation |

Required employer contribution rates for fiscal year 2019 are as follows:

| | |
|-----------------------------------|----------------------------------|
| SCRS | |
| Employee Class Two | 14.41 % of earnable compensation |
| Employee Class Three | 14.41 % of earnable compensation |
| Employer Incidental Death Benefit | 0.15 % of earnable compensation |
| PORS | |
| Employee Class Two | 16.84 % of earnable compensation |
| Employee Class Three | 16.84 % of earnable compensation |
| Employer Incidental Death Benefit | 0.20 % of earnable compensation |
| Employer Accidental Death Program | 0.20 % of earnable compensation |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability (TPL) determined in accordance with GASB No. 67 less that system's fiduciary net position. NPL totals as of June 30, 2018, for SCRS and PORS are presented in the following table:

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a percentage of the Total Pension Liability |
|--------|-------------------------|-----------------------------|--|--|
| SCRS | \$ 48,821,730,067 | \$ 26,414,916,370 | \$ 22,406,813,697 | 54.1% |
| PORS | \$ 7,403,972,673 | \$ 4,570,430,247 | \$ 2,833,542,426 | 61.7% |

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plan's funding requirements.

At June 30, 2019, the City reported a liability of \$30,208,709 for the SCRS and \$18,949,258 for the PORS for a total of \$49,157,967 for its proportionate share of the NPL. The NPL was measured as of June 30, 2018, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The City's portion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2018, the City's proportion was 0.134819% for the SCRS, which is an increase of .000298% from its proportion measured as of June 30, 2017. At June 30, 2018 the City's portion was .668748% for the PORS, which is a decrease of .011872% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized a pension expense of \$2,082,721. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 638,387 | \$ 177,770 |
| Change in assumptions | 2,447,930 | - |
| Net difference between projected and actual earnings on pension plan investments | 858,806 | - |
| Changes in proportionate share and difference between City contributions and proportionate share of contributions | 631,980 | 216,176 |
| City contributions subsequent to measurement date | 3,707,916 | - |
| Total | <u>\$ 8,285,019</u> | <u>\$ 393,946</u> |

The amount of \$3,707,916 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods are aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

In accordance with GASB 68 these amounts are to be amortized over the average remaining service lives of all employees of the plan and recognized as a component of pension expense as follows:

| <u>June 30,</u> | <u>SCRS</u> | <u>PORS</u> | <u>Combined</u> |
|-----------------|---------------------|---------------------|---------------------|
| 2019 | \$ 1,268,780 | \$ 1,186,675 | \$ 2,455,455 |
| 2020 | 847,921 | 855,971 | 1,703,892 |
| 2021 | (249,575) | 195,056 | (54,519) |
| 2022 | 37,300 | 41,029 | 78,329 |
| | <u>\$ 1,904,426</u> | <u>\$ 2,278,731</u> | <u>\$ 4,183,157</u> |

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in the below report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

| | <u>SCRS</u> | <u>PORS</u> |
|----------------------------|--------------------------------------|-------------------------------------|
| Actuarial cost method | Entry age | Entry age |
| Actuarial assumptions: | | |
| Investment rate of return | 7.25% | 7.25% |
| Projected salary increases | 3.0% to 12.5% (varies by service) | 3.5% to 9.5% (varies by service) |
| Includes inflation at | 2.25% | 2.25% |
| Benefit adjustments | lesser of 1% or \$500 | lesser of 1% or \$500 |

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

Assumptions used in the determination of the June 30, 2018, TPL are as follows:

| <u>Former Job Class</u> | <u>Males</u> | <u>Females</u> |
|--|---------------------------------------|---|
| Educators | 2016 PRSC males multiplied by 92% | 2016 PRSC females multiplied by 98% |
| General Employees and Members of the General Assembly | 2016 PRSC males multiplied by 100% | 2016 PRSC females multiplied by 111% |
| Public Safety and Firefighters | 2016 PRSC males multiplied by 125% | 2016 PRSC females multiplied by 111% |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2018 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 following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

| Asset Class | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Long Term Expected Portfolio Real Rate of Return |
|----------------------------------|-------------------------|---|--|
| Global Equity | 47.0% | | |
| Global Public Equity | 33.0% | 6.99% | 2.31% |
| Private Equity | 9.0% | 8.73% | 0.79% |
| Equity Options Strategies | 5.0% | 5.52% | 0.28% |
| Real Assets | 10.0% | | |
| Real Estate (Private) | 6.0% | 3.54% | 0.21% |
| Real Estate (REITS) | 2.0% | 5.46% | 0.11% |
| Infrastructure | 2.0% | 5.09% | 0.10% |
| Opportunistic | 13.0% | | |
| GTAA/Risk Parity | 8.0% | 3.75% | 0.30% |
| Hedge Funds (non-PA) | 2.0% | 3.45% | 0.07% |
| Other Opportunistic Strategies | 3.0% | 3.75% | 0.11% |
| Diversified Credit | 18.0% | | |
| Mixed Credit | 6.0% | 3.05% | 0.18% |
| Emerging Markets Debt | 5.0% | 3.94% | 0.20% |
| Private Debt | 7.0% | 3.89% | 0.27% |
| Conservative Fixed Income | 12.0% | | |
| Core Fixed Income | 10.0% | 0.94% | 0.09% |
| Cash and Short Duration (Net) | 2.0% | 0.34% | 0.01% |
| Total Expected Return | <u>100.0%</u> | | <u>5.03%</u> |
| Inflation for Actuarial Purposes | | | <u>2.25%</u> |
| Total Expected Nominal Return | | | <u><u>7.28%</u></u> |

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all 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.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Sensitivity Analysis

The following table presents the City's proportionate share of each system's NPL calculated using the discount rate of 7.25 percent, as well as what the City's NPL for each system would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

| System | Current Discount | | |
|--------|---------------------------|-----------------|----------------------------|
| | 1.00% Decrease (6.25%) | Rate (7.25%) | 1.00 % Increase (8.25%) |
| SCRS | \$ 38,601,120 | \$ 30,208,709 | \$ 24,208,939 |
| PORS | \$ 25,545,968 | \$ 18,949,258 | \$ 13,545,999 |

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefit's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

C. Deferred Compensation Plans

Certain City employees participate in one of two optional deferred compensation plans which are available to them in conjunction with the State Retirement System. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k) are administered for the State Retirement System by third parties. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate their employment with the City. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

D. Other Post-Employment Benefits

Plan Description

The City's single-employer defined benefit postemployment healthcare plan (the Plan) provides medical insurance to eligible retirees. Spouses and dependents are not covered. In accordance with the City's personnel policy, lifetime benefits are provided for retirees who retired on or before July 1, 2008, with at least 20 years of City service. Employees who retire after July 1, 2008, are eligible for benefits to age 65 depending on the amount of their service as of July 1, 2008. Those with 15 or more years of service on July 1, 2008, must have 20 years of service with the City to become eligible for benefits at retirement. Those with less than 15 years of service on July 1, 2008, must have 28 (25 for public safety) years of service with the City to become eligible for benefits at retirement. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by City Council. The contributions are neither guaranteed nor mandatory. City Council has retained the right to modify its payments for retiree health care benefits.

As of December 31, 2018, the most recent measurement date for the Plan, there were 684 covered participants; 132 members were retirees receiving benefits and 552 were active participants. The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Funding Policy

The City establishes its contribution requirement annually during budget preparation, prior to the start of the fiscal year that the calculated contribution relates to. The contributions required to support the Plan are determined following a level funding approach, and consist of a normal contribution and an actuarial accrued liability contribution. The actuarial accrued liability is determined using the “entry age normal” method. Under this method, the accrued liability is the difference between the present value of expected future benefits payable and the present value of expected future normal cost. The normal contribution is determined using the “entry age normal” method. Under this method a calculation is made for OPEB benefits to determine the uniform and constant percentage rate of employer contribution. This contribution will be applied to the compensation of the average new member during the entire period of his/her anticipated covered service, ceasing when both the member and spouse are no longer members of the plan. This contribution would be required in addition to the contributions of the member to meet the cost of all benefits payable on his/her behalf.

Net OPEB Liability

The City’s net OPEB liability of \$14,044,815 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.25% |
| Salary increases, including wage inflation | |
| SCRS | 3.00%-7.00% |
| PORS | 3.50%-9.50% |
| Investment rate of return | 4.75% (includes inflation at 2.25%) |
| Discount rate | 4.75% |
| Healthcare cost trend rate | |
| Pre-Medicare | 7.50% initially, decreasing to 5.00% by 2023 |
| Medicare | 5.50% initially, decreasing to 5.00% by 2020 |
| Mortality Assumptions | RP-2014 Mortality Tables for Employees with a 95% multiplier |
| Active Participation/Marriage | 100% of all active employees assumed to be married with female spouses assumed to be 3 years younger |
| Coverage Elections | |
| 25 or more years of service | 100% will elect coverage |
| less than 25 years of service | 20% will elect coverage |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Target Allocation

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

| Asset Class | Target Allocation |
|---------------------------|----------------------|
| Fixed Income | 94.3% |
| Equity Funds | 0.0% |
| Cash and Cash Equivalents | 5.7% |
| Total | <u>100.0%</u> |

Discount Rate

The discount rate used to measure the total OPEB liability as of the measurement date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of January 1, 2017. In addition to the actuarial methods and assumptions of the January 1, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City's OPEB liability to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1 percentage-point lower (3.75%) or 1 percentage-point higher (5.75%) than the current rate:

| | <u>Discount Rate Sensitivity</u> | | |
|--------------------|----------------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (3.75%) | Current Discount Rate (4.75%) | 1% Increase (5.75%) |
| Net OPEB Liability | \$16,318,759 | \$14,044,815 | \$12,094,692 |

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates:

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

Health Care Cost Trend Rate Sensitivity

| | 1% Decrease | Current | 1% Increase |
|--------------------|----------------|--------------|----------------|
| Net OPEB Liability | \$11,598,573 | \$14,044,815 | \$16,988,365 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, January 1, 2017. An expected total OPEB liability is determined as of December 31, 2018 using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of January 1, 2017, subtracts the expected benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). The procedure used to determine the total OPEB liability, as of December 31, 2018, is shown in the following table:

Changes in the Net OPEB Liability

| | Total OPEB Liability (a) | Plan Net Position (b) | Net OPEB Liability (a) - (b) |
|---|--------------------------------|-----------------------------|------------------------------------|
| Balance as of December 31, 2017 | \$ 18,560,168 | \$ 4,421,902 | \$ 14,138,266 |
| Changes for the year: | | | |
| Service cost at the end of the year* | 368,593 | - | 368,593 |
| Interest on TOL and cash flows | 865,344 | - | 865,344 |
| Change in benefit terms | - | - | - |
| Difference between expected and actual experience | (102,309) | - | (102,309) |
| Changes of assumptions or other inputs | - | - | - |
| Contributions - employer | - | 1,181,239 | (1,181,239) |
| Contributions - non-employer | - | - | - |
| Net investment income | - | 51,452 | (51,452) |
| Benefit payments and implicit subsidy credit | (692,835) | (692,835) | - |
| Plan administrative expenses | - | (7,612) | 7,612 |
| Other | - | - | - |
| Net changes | 438,793 | 532,244 | (93,451) |
| Balance as of December 31, 2018 | <u>\$ 18,998,961</u> | <u>\$ 4,954,146</u> | <u>\$ 14,044,815</u> |

* The service cost includes interest for the year

** Benefit payments are net of participant contributions and include a payment of \$111,500 for the implicit subsidy. Benefit payments include \$581,335 paid outside the Trust.

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,054,594. As of June 30, 2019 the City reports deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 106,938 |
| Changes of assumptions or other inputs | - | - |
| Net difference between projected and actual earnings on plan investments | 186,457 | - |
| City contributions subsequent to the measurement date | 532,907 | - |
| Total | \$ 719,364 | \$ 106,938 |

The amount of \$532,907 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2020. The remaining deferred outflows/inflows of resources will be recognized as a component of OPEB expense as follows:

| Year ended June 30, | Total |
|---------------------|-----------|
| 2020 | \$ 34,371 |
| 2021 | 34,371 |
| 2022 | 34,373 |
| 2023 | 17,518 |
| 2024 | (16,456) |
| Thereafter | (24,658) |
| | \$ 79,519 |

E. Tax Abatements

In accordance with GASB Statement No. 77 governments who enter into tax abatement agreements are required to disclose certain information about those agreements, including, the type of tax being abated, and dollar amount of taxes abated during the period being reported on. After inquiring with the appropriate entities and surrounding governments, management has determined that no current agreements exist which would give rise to a reportable tax abatement under GASB 77.

F. Impact of Recently Issued Accounting Principles

GASB Statement No. 89

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). This statement effectively revises the guidance for recognition of construction period interest by requiring it to be recognized as an expense, during the period it is incurred. GASB 89 is not effective until reporting periods beginning after December 15, 2019, however, management has elected for early adoption and implementation. Accordingly, during the year ended June 30, 2019, the City did not capitalize any interest incurred during the construction of fixed assets.

GASB Statement No. 87

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). This statement substantially changes the accounting and financial reporting around lease agreements, specifically, eliminating certain traditional distinctions between operating and capital leases. GASB 87 is effective for reporting periods beginning after December 15, 2019, and may impact the City's financial statements in future reporting periods.

GASB Statement No. 84

In January of 2017, the GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). This statement revises the criteria for identifying and reporting fiduciary activities for all state and local governments. Specifically, governments will be required to present a statement of fiduciary net position and a statement of changes in

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019

fiduciary net position in the basic financial statements for activities meeting certain criteria. This statement takes effect for periods beginning after December 15, 2018, and will impact the City's financial reporting in future periods.

GASB Statement No. 83

In November of 2016, the GASB issued Statement No. 83, *Certain Retirement Obligations* (GASB 83), effective for reporting periods beginning after June 15, 2018. GASB 83 provides new guidance for reporting on obligations that are incurred when governments retire certain types of assets, such as assets with complex environmental impacts. If applicable, GASB 83 could impact the City's financial reporting in future periods.

G. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liabilities of the applicable funds. The amount, if any, of expenditures which may be disallowed by a grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

H. Subsequent Events

Management has evaluated subsequent events through December 20, 2019, the date the financial statements were available to be issued.

IV. PRIOR PERIOD ADJUSTMENTS

Restatement of Beginning Net Position

For fiscal year 2019, the City made a prior period adjustment due to the correction of errors in previously issued financial statements. The impact of these corrections will be an increase to the fund balance in the governmental funds and an increase in net position in both the proprietary funds statements and the entity-wide statements. The following reflects these changes:

Effect of prior period adjustment on proprietary fund and entity-wide statements:

| | Governmental | | |
|---|----------------------|----------------------|-----------------------|
| | Proprietary Funds | Funds | Entity-Wide |
| Net Position, June 30, 2018, as previously reported | \$ 71,175,907 | \$ 35,135,310 | \$ 106,311,217 |
| Increase - recognition of capital assets previously expensed | 1,016,956 | - | 1,016,956 |
| Increase - correction to overstated liability from a prior period | - | 55,000 | 55,000 |
| Net Position, July 1, 2018, as restated | <u>\$ 72,192,863</u> | <u>\$ 35,190,310</u> | <u>\$ 107,383,173</u> |

Effect of prior period adjustment on governmental fund statements:

| | Governmental Funds | Total |
|---|----------------------|----------------------|
| | General Fund | Governmental Funds |
| Fund Balance, June 30, 2018, as previously reported | \$ 19,849,758 | \$ 21,213,376 |
| Increase - correction to overstated liability from a prior period | 55,000 | 55,000 |
| Fund Balance, July 1, 2018, as restated | <u>\$ 19,904,758</u> | <u>\$ 21,268,376</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2019**

Schedule of Employer's Proportionate Share of Net Pension Liability

| | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> | <u>SCRS</u> | <u>PORS</u> |
| Proportion of the Net Pension Liability | 0.134819% | 0.668748% | 0.134521% | 0.680620% | 0.132601% | 0.669610% | 0.130615% | 0.66206% | 0.128281% | 0.63586% | 0.128281% | 0.63586% |
| Proportionate Share of the Net Pension Liability | \$ 30,208,709 | \$ 18,949,258 | \$ 30,282,841 | \$ 18,645,999 | \$ 28,323,378 | \$ 16,984,488 | \$ 24,771,764 | \$ 14,429,661 | \$ 22,085,735 | \$ 12,173,040 | \$ 23,009,035 | \$ 13,181,162 |
| Covered Payroll (A) | 13,971,026 | 9,256,478 | 13,579,671 | 9,158,752 | 12,833,429 | 8,543,885 | 12,246,749 | 8,202,053 | 11,777,703 | 7,877,669 | 10,956,667 | 7,398,493 |
| Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll | 216.22% | 204.71% | 223.00% | 203.59% | 220.70% | 198.79% | 202.27% | 175.93% | 187.52% | 154.53% | 210.00% | 178.16% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.1% | 61.7% | 53.3% | 60.9% | 52.90% | 60.40% | 57.00% | 64.60% | 59.90% | 67.50% | 56.39% | 62.98% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(A) - Covered payroll as reported to SCRS/PORS for the year ended June 30, of the preceeding year.

The City implemented GASB #68 during the year ended June 30, 2015. Information before the year ended June 30, 2014 is not readily available.

The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

Schedule of Employer Contributions to SCRS

| Fiscal Year | SCRS | | Contributions in Relation to | | | Contributions as a % of Covered Payroll |
|-------------|--|--|--|--------------------|--------------------|--|
| | Contractually Required Contribution ¹ | Contractually Required Contribution ² | Contribution Deficiency (Excess) | Covered Payroll | Covered Payroll | |
| 2014 | \$ 1,248,437 | \$ 1,248,437 | \$ - | \$ 11,777,703 | 10.60% | |
| 2015 | 1,334,896 | 1,334,896 | - | 12,246,749 | 10.90% | |
| 2016 | 1,419,377 | 1,419,377 | - | 12,833,429 | 11.06% | |
| 2017 | 1,569,810 | 1,569,810 | - | 13,579,671 | 11.56% | |
| 2018 | 1,894,471 | 1,894,471 | - | 13,971,026 | 13.56% | |
| 2019 | 2,121,280 | 2,121,280 | - | 14,569,229 | 14.56% | |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

¹ Contribution rate multiplied by the covered payroll

² Actual employer contributions remitted to SCRS

**CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS (CONTINUED)
For the Year Ended June 30, 2019**

Schedule of Employer Contributions to PORS

| <i>PORS</i> | Contributions in | | | | Contributions as a % of Covered Payroll |
|-------------|--|--|--|--------------------|--|
| | Contractually Required Contribution ¹ | Contractually Required Contribution ² | Contribution Deficiency (Excess) | Covered Payroll | |
| Fiscal Year | | | | | |
| 2014 | \$ 1,011,493 | \$ 1,011,493 | \$ - | \$ 7,877,669 | 12.84% |
| 2015 | 1,099,895 | 1,099,895 | - | 8,202,053 | 13.41% |
| 2016 | 1,173,930 | 1,173,930 | - | 8,543,885 | 13.74% |
| 2017 | 1,304,206 | 1,304,206 | - | 9,158,752 | 14.24% |
| 2018 | 1,503,252 | 1,503,252 | - | 9,256,478 | 16.24% |
| 2019 | 1,646,388 | 1,646,388 | - | 9,549,815 | 17.24% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

¹ Contribution rate multiplied by the covered payroll

² Actual employer contributions remitted to PORS

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
For the Year Ended June 30, 2019

Change in Benefit Terms

- None

Changes of Assumptions

- None

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
For the Year Ended June 30, 2019

| <u>Year Ending December 31 (measurement date)</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| Total OPEB Liability | | |
| Service Cost at end of year | \$ 368,593 | \$ 356,731 |
| Interest on the Total OPEB Liability | 865,344 | 842,497 |
| Changes of benefit terms | - | - |
| Difference between expected and actual experience | (102,309) | (24,237) |
| Changes of assumptions or other inputs | - | - |
| Benefit payments* | (692,835) | (695,119) |
| Net change in Total OPEB Liability | 438,793 | 479,872 |
| Total OPEB Liability -beginning | 18,560,168 | 18,080,296 |
| Total OPEB Liability -ending (a) | \$ 18,998,961 | \$ 18,560,168 |
| | | |
| Plan Fiduciary Net Position | | |
| Contributions - employer** | \$ 1,181,239 | \$ 1,185,811 |
| Net investment income | 51,452 | 109,139 |
| Benefit payments* | (692,835) | (695,119) |
| Administrative expense | (7,612) | (13,883) |
| Net change in Plan Fiduciary Net Position | 532,244 | 585,948 |
| Plan Fiduciary Net Position - beginning | 4,421,902 | 3,835,954 |
| Plan Fiduciary Net Position - ending (b) | 4,954,146 | 4,421,902 |
| Net OPEB Liability - ending (a) - (b) | \$ 14,044,815 | \$ 14,138,266 |
| | | |
| Plan Fiduciary Net Position as a percentage of total OPEB Liability | 26.08% | 23.82% |
| | | |
| Covered Payroll* | \$ 20,932,094 | \$ 20,932,094 |
| | | |
| Net OPEB Liability as a percentage of covered payroll | 67.10% | 67.54% |

* Benefit payments are net of participant contributions and include a payment of \$111,500 for the implicit subsidy based on the guidance in illustration B-1 of GASB Implementation Guide No. 2017-2, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". Benefit payments include \$581,335 paid outside of the Trust.

** Employer contribution includes \$581,335 paid outside of the Trust and \$111,500 due to the implicit subsidy.

**CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO OPEB
For the Year Ended June 30, 2019**

| <u>Year Ending December 31 (measurement date)</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| Actuarially Determined Employer Contribution (ADEC) | \$ 1,180,765 | \$ 1,113,512 |
| Contributions in relation to the ADEC | 1,181,239 | 1,185,811 |
| Annual contribution deficiency (excess) | \$ (474) | \$ (72,299) |
| | | |
| Covered payroll* | \$ 20,932,094 | \$ 20,932,094 |
| | | |
| Actual contributions as a percentage of covered payroll | 5.64% | 5.67% |

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
For the Year Ended June 30, 2019

Change of Benefit Terms:

December 31, 2018 (Valuation Date: January 1, 2017)

- None

Changes to Assumptions or other inputs:

December 31, 2018 (Valuation Date: January 1, 2017)

- None

OTHER SUPPLEMENTARY INFORMATION

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

| | USDA Rural Business Fund | HUD Section 108 Fund | CDBG Home Fund | Downtown Loan Fund | Federal/ State Grants Fund | Community Development Block Grant Fund | Empowerment Zone Fund | Main Street Society Fund | Sunday Alcohol Permits Fund |
|---|-----------------------------------|-------------------------------|----------------------|--------------------------|-------------------------------------|---|-----------------------------|-----------------------------------|-----------------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 281,627 | \$ - | \$ 41,449 | \$ 40,181 | \$ - | \$ - | \$ 134,581 | \$ 15,686 | \$ 122,440 |
| Receivables, net of allowance for doubtful accounts | 37,738 | 490,744 | 69,662 | - | 2,347,188 | 73,789 | - | - | 1,550 |
| Restricted cash and cash equivalents | - | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 319,365</u> | <u>\$ 490,744</u> | <u>\$ 111,111</u> | <u>\$ 40,181</u> | <u>\$ 2,347,188</u> | <u>\$ 73,789</u> | <u>\$ 134,581</u> | <u>\$ 15,686</u> | <u>\$ 123,990</u> |
| LIABILITIES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ - | \$ 53,887 | \$ 50 | \$ - | \$ 129,635 | \$ 16,783 | \$ - | \$ - | \$ - |
| Retainage payable | - | - | - | - | - | - | - | - | - |
| Accrued compensation and benefits | - | - | - | - | 594 | 10,267 | 729 | - | - |
| Customer deposits | - | - | - | - | - | - | 7,650 | - | - |
| Due to other funds | - | 150,037 | - | - | 2,116,875 | 38,282 | - | - | - |
| Unearned revenue | - | - | - | - | - | 8,400 | - | - | - |
| Escrow for seized funds and deposits | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>203,924</u> | <u>50</u> | <u>-</u> | <u>2,247,104</u> | <u>73,732</u> | <u>8,379</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>37,738</u> | <u>-</u> | <u>69,662</u> | <u>-</u> | <u>1,230,655</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | | | | |
| Restricted | 281,627 | 286,820 | 41,399 | 40,181 | (1,130,571) | 57 | 126,202 | 15,686 | 123,990 |
| Total fund balances | <u>281,627</u> | <u>286,820</u> | <u>41,399</u> | <u>40,181</u> | <u>(1,130,571)</u> | <u>57</u> | <u>126,202</u> | <u>15,686</u> | <u>123,990</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 319,365</u> | <u>\$ 490,744</u> | <u>\$ 111,111</u> | <u>\$ 40,181</u> | <u>\$ 2,347,188</u> | <u>\$ 73,789</u> | <u>\$ 134,581</u> | <u>\$ 15,686</u> | <u>\$ 123,990</u> |

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019

| | Local Hospitality Tax Fund | State Accommodations Tax Fund | Local Accommodations Tax Fund | Narcotics Fund | Victim's Assistance Fund | E911 Fund | Firemen's Fund | Total |
|---|----------------------------------|-------------------------------------|-------------------------------------|-------------------|--------------------------------|--------------|-------------------|--------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 750,402 | \$ - | \$ 870,172 | \$ 174,891 | \$ - | \$ 357,505 | \$ 1,377 | \$ 2,790,311 |
| Receivables, net of allowance for doubtful accounts | 275,327 | 172,436 | 59,151 | - | - | 458,837 | - | 3,986,422 |
| Restricted cash and cash equivalents | 2,005,772 | - | - | - | - | - | - | 2,005,772 |
| Total assets | \$ 3,031,501 | \$ 172,436 | \$ 929,323 | \$ 174,891 | \$ - | \$ 816,342 | \$ 1,377 | \$ 8,782,505 |
| LIABILITIES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 222,234 | \$ 20,015 | \$ 2,880 | \$ 52,068 | \$ 25 | \$ 31,887 | \$ 80 | \$ 529,544 |
| Retainage payable | - | - | - | - | - | - | - | - |
| Accrued compensation and benefits | - | 16,772 | - | - | 4,285 | 2,615 | - | 35,262 |
| Customer deposits | - | - | - | - | - | - | - | 7,650 |
| Due to other funds | - | 698,061 | - | - | 77,035 | - | - | 3,080,290 |
| Unearned revenue | - | - | - | - | - | - | - | 8,400 |
| Escrow for seized funds and deposits | - | - | - | 174,979 | - | - | - | 174,979 |
| Total liabilities | 222,234 | 734,848 | 2,880 | 227,047 | 81,345 | 34,502 | 80 | 3,836,125 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| | - | - | - | - | - | - | - | 1,338,055 |
| FUND BALANCES | | | | | | | | |
| Restricted | 2,809,267 | (562,412) | 926,443 | (52,156) | (81,345) | 781,840 | 1,297 | 3,608,325 |
| Total fund balances | 2,809,267 | (562,412) | 926,443 | (52,156) | (81,345) | 781,840 | 1,297 | 3,608,325 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,031,501 | \$ 172,436 | \$ 929,323 | \$ 174,891 | \$ - | \$ 816,342 | \$ 1,377 | \$ 8,782,505 |

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

| | USDA Rural Business Fund | HUD Section 108 Fund | CDBG Home Fund | Downtown Loan Fund | Federal/ State Grants Fund | Community Development Block Grant Fund | Empowerment Zone Fund | Main Street Society Fund | Sunday Alcohol Permits Fund |
|--|-----------------------------------|-------------------------------|----------------------|--------------------------|-------------------------------------|---|-----------------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | | | | | | | |
| Sales taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, permits and fees | - | - | - | - | - | - | - | - | 27,200 |
| Intergovernmental revenue | - | - | 300 | - | 1,376,411 | 370,697 | 1 | - | - |
| Fines and forfeitures | 1 | - | - | - | - | - | - | - | - |
| Interest income | 1,501 | 26,714 | - | - | - | - | 57 | - | - |
| Rent and miscellaneous | 27,706 | - | 4,082 | - | - | - | 17,924 | 4,196 | - |
| Total revenues | 29,208 | 26,714 | 4,382 | - | 1,376,411 | 370,697 | 17,982 | 4,196 | 27,200 |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government administration | - | - | - | - | 74,926 | - | - | - | - |
| Public safety | - | - | - | - | 184,724 | - | - | - | - |
| Public works | - | - | - | - | 54,824 | - | - | - | - |
| Parks, recreation and culture | - | - | 1 | - | 116,087 | - | - | - | - |
| Community development | - | - | 1,141 | - | - | 370,697 | - | - | - |
| Economic development | - | - | 902 | - | 55,532 | - | 22,647 | 1,181 | - |
| Debt service | | | | | | | | | |
| Bond principal | - | 46,000 | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | 31,468 | - | - | - | - | - | - | - |
| Capital outlay | | | | | | | | | |
| Public safety | - | - | - | - | 206,328 | - | - | - | - |
| Parks, recreation and culture | - | - | - | - | 790,961 | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - |
| Total expenditures | - | 77,468 | 2,044 | - | 1,483,382 | 370,697 | 22,647 | 1,181 | - |
| Excess (deficiency) of revenues over (under) expenditures | 29,208 | (50,754) | 2,338 | - | (106,971) | - | (4,665) | 3,015 | 27,200 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | - | - | - | - | 61,430 | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (16,900) | - | - |
| Proceeds of revenue bonds payable | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | 61,430 | - | (16,900) | - | - |
| Net change in fund balances | 29,208 | (50,754) | 2,338 | - | (45,541) | - | (21,565) | 3,015 | 27,200 |
| Fund balances, beginning of year | 252,419 | 337,574 | 39,061 | 40,181 | (1,085,030) | 57 | 147,767 | 12,671 | 96,790 |
| Fund balances, end of year | \$ 281,627 | \$ 286,820 | \$ 41,399 | \$ 40,181 | \$ (1,130,571) | \$ 57 | \$ 126,202 | \$ 15,686 | \$ 123,990 |

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

| | Local Hospitality Tax Fund | State Accommodations Tax Fund | Local Accommodations Tax Fund | Narcotics Fund | Victim's Assistance Fund | E911 Fund | Firemen's Fund | Total |
|--|----------------------------------|-------------------------------------|-------------------------------------|-------------------|--------------------------------|--------------|-------------------|--------------|
| REVENUES | | | | | | | | |
| Sales taxes | \$ 2,962,714 | \$ - | \$ 646,968 | \$ - | \$ - | \$ - | \$ - | \$ 3,609,682 |
| Licenses, permits and fees | - | - | - | - | - | 1,203,009 | - | 1,230,209 |
| Intergovernmental revenue | - | 464,298 | - | - | - | - | 136,803 | 2,348,510 |
| Fines and forfeitures | - | - | - | 140,204 | 28,773 | - | - | 168,978 |
| Interest income | 9,272 | - | - | - | - | - | - | 37,544 |
| Rent and miscellaneous | 470,117 | - | - | - | - | - | - | 524,025 |
| Total revenues | 3,442,103 | 464,298 | 646,968 | 140,204 | 28,773 | 1,203,009 | 136,803 | 7,918,948 |
| EXPENDITURES | | | | | | | | |
| Current | | | | | | | | |
| General government administration | - | - | - | - | - | - | - | 74,926 |
| Public safety | - | - | - | 84,425 | 75,425 | 494,733 | 138,940 | 978,247 |
| Public works | - | - | - | - | - | - | - | 54,824 |
| Parks, recreation and culture | 267,662 | 73,250 | 14,757 | - | - | - | - | 471,757 |
| Community development | - | - | - | - | - | - | - | 371,838 |
| Economic development | 81,202 | 610,184 | 21,629 | - | - | - | - | 793,277 |
| Debt service | | | | | | | | |
| Bond principal | 262,003 | - | - | - | - | - | - | 308,003 |
| Interest and fiscal charges | 52,065 | - | - | - | - | - | - | 83,533 |
| Capital outlay | | | | | | | | |
| Public safety | - | - | - | 71,600 | - | 532,057 | - | 809,985 |
| Parks, recreation and culture | 1,337,055 | 26,051 | - | - | - | - | - | 2,154,067 |
| Economic development | 123,530 | - | - | - | - | - | - | 123,530 |
| Total expenditures | 2,123,517 | 709,485 | 36,386 | 156,025 | 75,425 | 1,026,790 | 138,940 | 6,223,987 |
| Excess (deficiency) of revenues over (under) expenditures | 1,318,586 | (245,187) | 610,582 | (15,821) | (46,652) | 176,219 | (2,137) | 1,694,961 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 44,112 | 140,000 | - | - | - | 209,617 | - | 455,159 |
| Transfers out | (1,471,138) | - | (417,375) | - | - | - | - | (1,905,413) |
| Proceeds of revenue bonds payable | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Total other financing sources (uses) | 572,974 | 140,000 | (417,375) | - | - | 209,617 | - | 549,746 |
| Net change in fund balances | 1,891,560 | (105,187) | 193,207 | (15,821) | (46,652) | 385,836 | (2,137) | 2,244,707 |
| Fund balances, beginning of year | 917,707 | (457,225) | 733,236 | (36,335) | (34,693) | 396,004 | 3,434 | 1,363,618 |
| Fund balances, end of year | \$ 2,809,267 | \$ (562,412) | \$ 926,443 | \$ (52,156) | \$ (81,345) | \$ 781,840 | \$ 1,297 | \$ 3,608,325 |

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-HOSPITALITY TAX FUND
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- |
|---------------------------------------|-------------------------|--------------|-------------------|--------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES | | | | |
| Hospitality fees | \$ 2,707,046 | \$ 2,707,046 | \$ 2,962,714 | \$ 255,668 |
| Grants and contributions | - | 470,117 | 470,117 | - |
| Interest income | - | - | 9,272 | 9,272 |
| Total revenues | 2,707,046 | 3,177,163 | 3,442,103 | 264,940 |
| EXPENDITURES | | | | |
| Quality of life projects | 1,876,778 | 4,346,895 | 1,809,449 | (2,537,446) |
| Debt Service | 264,672 | 264,672 | 314,068 | 49,396 |
| Total expenditures | 2,141,450 | 4,611,567 | 2,123,517 | (2,488,050) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (1,365,596) | (1,365,596) | (1,427,026) | (61,430) |
| Proceeds from issuance of debt | - | 2,000,000 | 2,000,000 | - |
| Appropriation from fund balance | 800,000 | 800,000 | - | (800,000) |
| Total other financing sources | (565,596) | 1,434,404 | 572,974 | (861,430) |
| Net change in fund balance | - | - | 1,891,560 | 1,891,560 |
| Fund balance, beginning of year | 917,707 | 917,707 | 917,707 | |
| Fund balance, end of year | \$ 917,707 | \$ 917,707 | \$ 2,809,267 | \$ 1,891,560 |

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-ACCOMMODATIONS TAX FUND
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- |
|---------------------------------------|-------------------------|------------|-------------------|--------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES | | | | |
| Accommodations fees | \$ 555,000 | \$ 555,000 | \$ 646,968 | \$ 91,968 |
| Total revenues | 555,000 | 555,000 | 646,968 | 91,968 |
| EXPENDITURES | | | | |
| Quality of life projects | 137,625 | 137,625 | 36,386 | (101,239) |
| Total expenditures | 137,625 | 137,625 | 36,386 | (101,239) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (417,375) | (417,375) | (417,375) | - |
| Total other financing sources | (417,375) | (417,375) | (417,375) | - |
| Net change in fund balance | - | - | 193,207 | 193,207 |
| Fund balance, beginning of year | 733,236 | 733,236 | 733,236 | |
| Fund balance, end of year | \$ 733,236 | \$ 733,236 | \$ 926,443 | \$ 193,207 |

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-VICTIMS ASSISTANCE FUND
For the Year Ended June 30, 2019

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget- |
|---------------------------------|-------------------------|--------------------|--------------------|--------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES | | | | |
| Victims services | \$ 45,000 | \$ 45,000 | \$ 28,773 | \$ (16,227) |
| Total revenues | <u>45,000</u> | <u>45,000</u> | <u>28,773</u> | <u>(16,227)</u> |
| EXPENDITURES | | | | |
| Public safety | 98,578 | 98,578 | 75,425 | (23,153) |
| Total expenditures | <u>98,578</u> | <u>98,578</u> | <u>75,425</u> | <u>(23,153)</u> |
| OTHER FINANCING SOURCES | | | | |
| Appropriation from fund balance | 53,578 | 53,578 | - | (53,578) |
| Total other financing sources | <u>53,578</u> | <u>53,578</u> | <u>-</u> | <u>(53,578)</u> |
| Net change in fund balance | - | - | (46,652) | (46,652) |
| Fund balance, beginning of year | (34,693) | (34,693) | (34,693) | |
| Fund balance, end of year | <u>\$ (34,693)</u> | <u>\$ (34,693)</u> | <u>\$ (81,345)</u> | <u>\$ (46,652)</u> |

CITY OF SUMTER, SOUTH CAROLINA
WATER AND SEWER FUND – SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-
BUDGET AND ACTUAL – BUDGET BASIS
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Over (Under) |
|---|------------------|---------------|-----------------------|---|
| | Original | Final | | |
| Revenue | | | | |
| Water revenue | \$ 10,402,000 | \$ 10,402,000 | \$ 10,393,606 | \$ (8,394) |
| Sewer revenue | 10,712,812 | 10,712,812 | 10,400,081 | (312,731) |
| Other operating revenue | 1,381,100 | 1,381,100 | 1,808,087 | 426,987 |
| Premium on bonds | - | - | - | - |
| Grants | - | - | (5,594) | (5,594) |
| Capital grants and contributions | - | - | 271,777 | 271,777 |
| Interest income and investment return | 35,000 | 35,000 | 462,989 | 427,989 |
| Gain (loss) on sale of capital assets | - | - | (92,161) | (92,161) |
| Miscellaneous | 95,000 | 95,000 | 114,466 | 19,466 |
| Appropriation from net position | 332,920 | 332,920 | - | (332,920) |
| | 22,958,832 | 22,958,832 | 23,353,251 | 394,419 |
| Expenses | | | | |
| Salaries and benefits | 4,958,706 | 4,958,706 | 4,948,834 | (9,872) |
| Bad debts | - | - | 248,974 | 248,974 |
| Utilities | 2,285,750 | 2,285,750 | 2,123,887 | (161,863) |
| Purchased services | 1,517,967 | 1,517,967 | 1,383,363 | (134,604) |
| Materials and supplies | 1,378,470 | 1,378,470 | 1,168,336 | (210,134) |
| Other operating expense | 4,758,038 | 4,758,038 | 3,001,605 | (1,756,433) |
| Employee benefits | 2,494,914 | 2,494,914 | 2,417,614 | (77,300) |
| Depreciation | 1,365,932 | 1,365,932 | 5,950,737 | 4,584,805 |
| Interest expense | 1,841,559 | 1,841,559 | 1,942,182 | 100,623 |
| Economic development | - | - | 22,186 | 22,186 |
| Miscellaneous | 184,293 | 184,293 | 202,139 | 17,846 |
| Transfers | 1,923,203 | 1,923,203 | 1,923,203 | - |
| Capital reserve | 250,000 | 250,000 | - | (250,000) |
| Capital expenditures | - | - | 8,162,946 | 8,162,946 |
| | 22,958,832 | 22,958,832 | 33,496,006 | 10,537,174 |
| Operating Income | \$ - | \$ - | (10,142,755) | \$ (10,142,755) |
| Reconciliation to change in net position: | | | | |
| Capital expenditures | | | 8,162,946 | |
| Change in net position | | | \$ (1,979,809) | |

CITY OF SUMTER, SOUTH CAROLINA
WATER AND SEWER FUND – DEBT COVERAGE RATIO – REQUIRED BY LENDER
For the Year Ended June 30, 2019

| | | |
|--|----|--------------------|
| Operating revenue | \$ | 22,601,774 |
| Operating expenses exclusive of depreciation | | (15,292,613) |
| Net revenue available for debt service | \$ | <u>7,309,161</u> |
| | | |
| Debt service requirement | | |
| Principal | \$ | 3,055,963 |
| Interest | | 1,843,023 |
| Total | \$ | <u>4,898,986</u> |
| | | |
| Revenue bond coverage for the year ended June 30, 2019 | | <u><u>1.49</u></u> |

**CITY OF SUMTER, SOUTH CAROLINA
FIDUCIARY FUNDS
PRIVATE PURPOSE TRUST FUNDS**

Private-purpose trust funds are used by the City to account for assets held by the City in a trustee capacity which are to be used for specific purposes established by donors. The City uses the following private-purpose trust funds:

Neil O'Donnell Fund – Accounts for funds donated by Neil O'Donnell to be used for charitable purposes.

George Reardon Fund – Accounts for funds donated by George Reardon to be used for charitable purposes.

Ella Tuomey Fund – Accounts for funds donated by Ella Tuomey to be used for charitable purposes.

Emergency Responders Trust Fund – Accounts for monies donated to the First Responders Trust Fund to be used for charitable purposes.

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUST FUNDS
June 30, 2019

| | Nell O'Donnell Fund | George Reardon Fund | Ella Tuomey Fund | Emergency Responders Trust Fund | Total |
|--|---------------------------|---------------------------|------------------------|--|-----------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 3,329 | \$ 517 | \$ 1,491 | \$ 3,879 | \$ 9,216 |
| Total assets | <u>3,329</u> | <u>517</u> | <u>1,491</u> | <u>3,879</u> | <u>9,216</u> |
| Liabilities | - | - | - | - | - |
| Net position held in trust for other purposes | <u>\$ 3,329</u> | <u>\$ 517</u> | <u>\$ 1,491</u> | <u>\$ 3,879</u> | <u>\$ 9,216</u> |

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE
TRUST FUNDS
For the Year Ended June 30, 2019

| | Nell O'Donnell Fund | George Reardon Fund | Ella Tuomey Fund | Emergency Responders Trust Fund | Total |
|---------------------------------|---------------------------|---------------------------|------------------------|--|-----------------|
| ADDITIONS | | | | | |
| Interest | \$ 129 | \$ - | \$ - | \$ 3 | \$ 132 |
| Contributions | - | - | - | - | - |
| Total additions | 129 | - | - | 3 | 132 |
| DEDUCTIONS | | | | | |
| Distributions to beneficiaries | - | - | - | - | - |
| Total deductions | - | - | - | - | - |
| Change in net position | 129 | - | - | 3 | 132 |
| Net position, beginning of year | 3,200 | 517 | 1,491 | 3,876 | 9,084 |
| Net position, end of year | <u>\$ 3,329</u> | <u>\$ 517</u> | <u>\$ 1,491</u> | <u>\$ 3,879</u> | <u>\$ 9,216</u> |

CITY OF SUMTER, SOUTH CAROLINA
FIDUCIARY FUNDS
AGENCY FUNDS

Agency funds are used by the City to account for assets held by the City in a trustee capacity which are to be used for specific purposes established by donors. The City uses the following agency funds:

CHDO Fund – Accounts for the activities of the City of Sumter Housing and Economic Development Corporations, a Community Housing Development Organization as defined by the State Housing Authority. This is a legally separate non-profit organization.

Sumter Green Fund – Accounts for the activities of the Sumter Green Organization, an organization legally separate from the City, the purpose of which is the beautification of Sumter and its entryways.

Swan Fund – Accounts for private donations restricted to use for the Swan Lake Iris Gardens.

Support of Shaw Fund – Accounts for funds contributed to a legally separate not for profit organization which works to retain Shaw Air Force Base in Sumter.

Dalzell Water District Fund– Accounts for the collections of the Dalzell Water and Sewer System that are billed on behalf of that entity by the City of Sumter.

Oswego Water District Fund – Accounts for the collections and payments of the Oswego Water System which are managed on behalf of that entity by the City of Sumter.

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
For the Year Ended June 30, 2019

1 of 2

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|------------------------------------|------------------------------|---------------------|-----------------------|------------------------|
| CHDO Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 564,583 | \$ 2,322,912 | \$ (583,107) | \$ 2,304,388 |
| Receivables | 48,000 | 2,274,911 | (2,322,911) | - |
| | <u>\$ 612,583</u> | <u>\$ 4,597,823</u> | <u>\$ (2,906,018)</u> | <u>\$ 2,304,388</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 598,219 | \$ (583,106) | \$ 15,113 |
| Due to other organization | 612,583 | 3,999,604 | (2,322,912) | 2,289,275 |
| | <u>\$ 612,583</u> | <u>\$ 4,597,823</u> | <u>\$ (2,906,018)</u> | <u>\$ 2,304,388</u> |
| Sumter Green Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 263,518 | \$ 68,810 | \$ (95,146) | \$ 237,182 |
| Accounts receivable | - | 69,810 | (68,810) | 1,000 |
| | <u>\$ 263,518</u> | <u>\$ 138,620</u> | <u>\$ (163,956)</u> | <u>\$ 238,182</u> |
| Liabilities | | | | |
| Accounts payable | \$ 907 | \$ 94,814 | \$ (95,645) | \$ 76 |
| Unearned revenue | - | 500 | - | 500 |
| Due to other organization | 262,611 | 43,306 | (68,311) | 237,606 |
| | <u>\$ 263,518</u> | <u>\$ 138,620</u> | <u>\$ (163,956)</u> | <u>\$ 238,182</u> |
| Swan Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 326 | \$ - | \$ - | \$ 326 |
| | <u>\$ 326</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 326</u> |
| Liabilities | | | | |
| Due to other organization | \$ 326 | \$ - | \$ - | \$ 326 |
| | <u>\$ 326</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 326</u> |
| Support of Shaw Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 304,908 | \$ 30,065 | \$ (35,783) | \$ 299,190 |
| | <u>\$ 304,908</u> | <u>\$ 30,065</u> | <u>\$ (35,783)</u> | <u>\$ 299,190</u> |
| Liabilities | | | | |
| Accounts payable | \$ 2,160 | \$ 33,952 | \$ (35,783) | \$ 329 |
| Due to other organization | 302,748 | (3,887) | - | 298,861 |
| | <u>\$ 304,908</u> | <u>\$ 30,065</u> | <u>\$ (35,783)</u> | <u>\$ 299,190</u> |
| Dalzell Water District Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 681,722 | \$ 572,164 | \$ (569,093) | \$ 684,793 |
| Receivables | 91,537 | 620,761 | (572,164) | 140,134 |
| | <u>\$ 773,259</u> | <u>\$ 1,192,925</u> | <u>\$ (1,141,257)</u> | <u>\$ 824,927</u> |
| Liabilities | | | | |
| Accounts payable | \$ 10,264 | \$ 588,351 | \$ (491,837) | \$ 106,778 |
| Due to customers | 41,100 | - | (1,125) | 39,975 |
| Due to other organization | 721,895 | 604,574 | (648,295) | 678,174 |
| | <u>\$ 773,259</u> | <u>\$ 1,192,925</u> | <u>\$ (1,141,257)</u> | <u>\$ 824,927</u> |

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
(CONTINUED)

For the Year Ended June 30, 2019

2 of 2

| | Balance | | | | Balance |
|-----------------------------------|---------------------|---------------------|-----------------------|-----------|------------------|
| | Beginning of Year | Additions | Deductions | | End of Year |
| Oswego Water District Fund | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 67,334 | \$ 539,711 | \$ (521,020) | \$ | 86,025 |
| Receivables | 51,884 | 503,433 | (506,477) | | 48,840 |
| | <u>\$ 119,218</u> | <u>\$ 1,043,144</u> | <u>\$ (1,027,497)</u> | <u>\$</u> | <u>134,865</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 25,054 | \$ 193,436 | \$ (163,303) | \$ | 55,187 |
| Due to customers | 6,050 | 3,100 | - | | 9,150 |
| Due to other organization | 88,114 | 846,608 | (864,194) | | 70,528 |
| | <u>\$ 119,218</u> | <u>\$ 1,043,144</u> | <u>\$ (1,027,497)</u> | <u>\$</u> | <u>134,865</u> |
| Total Agency Funds | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,882,391 | \$ 3,533,662 | \$ (1,804,149) | \$ | 3,611,904 |
| Receivables | 191,421 | 3,468,916 | (3,470,362) | | 189,974 |
| | <u>\$ 2,073,812</u> | <u>\$ 7,002,578</u> | <u>\$ (5,274,511)</u> | <u>\$</u> | <u>3,801,878</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 38,385 | \$ 1,508,772 | \$ (1,369,674) | \$ | 177,483 |
| Unearned revenue | - | 500 | - | | 500 |
| Due to customers | 47,150 | 3,100 | (1,125) | | 49,125 |
| Due to other organization | 1,988,277 | 5,490,205 | (3,903,712) | | 3,574,770 |
| | <u>\$ 2,073,812</u> | <u>\$ 7,002,577</u> | <u>\$ (5,274,511)</u> | <u>\$</u> | <u>3,801,878</u> |

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CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF COURT FINES AND ASSESSMENT ACTIVITY AND EXPENDITURES FOR
VICTIMS SERVICES – REQUIRED BY STATE LAW
For the Year Ended June 30, 2019

| | <u>2018</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Court fines, assessments and surcharges: | | |
| Collected | \$ 535,754 | \$ 425,693 |
| Remitted to State Treasurer | <u>(288,953)</u> | <u>(228,298)</u> |
| Retained by the City | <u>\$ 246,801</u> | <u>\$ 197,395</u> |
| | | |
| Fines, assessments and surcharges retained by the City: | | |
| General fund | \$ 211,796 | \$ 168,622 |
| Victims advocate services | <u>35,005</u> | <u>28,773</u> |
| Total assessments and surcharges retained by the City | <u>\$ 246,801</u> | <u>\$ 197,395</u> |
| | | |
| Funds allocated to victims advocate service special revenue fund | | |
| Carryover from prior year | \$ 1,880 | \$ (34,693) |
| Surcharges and assessments retained current year | 35,005 | 28,773 |
| Expenditures for victims advocate services | <u>(71,578)</u> | <u>(75,424)</u> |
| Total (over) under expenditure of victims advocate service special revenue funds | <u>\$ (34,693)</u> | <u>\$ (81,344)</u> |

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STATISTICAL SECTION

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

| Contents | Page |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 94-98 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant governmental fund revenue source, the property tax. | 99-102 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future. | 103-107 |
| Demographic and Economic Information These schedules are presented to help the reader understand the environment within which the City's financial activities take place. | 108-109 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 110-112 |

**CITY OF SUMTER, SOUTH CAROLINA
NET POSITION BY COMPONENT -
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED**

Table 1

| | 2010 | 2011 | 2012 | 2013 | 2014* | 2015* | 2016* | 2017 | 2018* | 2019* |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 38,855,105 | \$ 33,172,826 | \$ 34,953,433 | \$ 33,243,982 | \$ 37,254,398 | \$ 37,859,121 | \$ 44,895,830 | \$ 51,316,040 | \$ 62,306,724 | \$ 63,918,549 |
| Restricted | - | 2,220,842 | 3,831,804 | 4,368,409 | 3,321,746 | 3,674,181 | 4,017,629 | 2,563,750 | 1,363,618 | 1,602,553 |
| Unrestricted | 6,763,381 | 8,982,814 | 6,450,276 | 9,682,906 | (18,290,094) | (15,213,181) | (12,683,745) | (12,763,242) | (28,535,032) | (31,388,907) |
| Total governmental activities net position | \$ 45,618,486 | \$ 44,376,482 | \$ 45,235,513 | \$ 47,295,297 | \$ 22,286,050 | \$ 26,320,121 | \$ 36,229,714 | \$ 41,116,548 | \$ 35,135,310 | \$ 34,132,195 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 41,013,302 | \$ 37,631,521 | \$ 40,344,630 | \$ 44,351,489 | \$ 47,592,613 | \$ 51,883,642 | \$ 59,804,646 | \$ 61,235,765 | \$ 60,881,625 | \$ 64,413,720 |
| Restricted | 1,188,369 | 2,940,523 | 6,891,660 | 1,972,234 | 3,171,556 | 2,998,574 | 3,413,145 | 3,141,584 | 1,495,645 | 1,407,022 |
| Unrestricted | 11,965,806 | 16,665,703 | 13,878,459 | 19,310,612 | 11,443,024 | 12,448,335 | 12,153,772 | 10,330,498 | 8,798,637 | 5,159,856 |
| Total business-type activities net position | \$ 54,167,477 | \$ 57,237,747 | \$ 61,114,749 | \$ 65,634,335 | \$ 62,207,193 | \$ 67,330,551 | \$ 75,371,563 | \$ 74,707,847 | \$ 71,175,907 | \$ 70,980,598 |
| Primary government totals | | | | | | | | | | |
| Net investment in capital assets | \$ 79,868,407 | \$ 70,804,347 | \$ 75,298,063 | \$ 77,595,471 | \$ 84,847,011 | \$ 89,742,763 | \$ 104,700,476 | \$ 112,551,805 | \$ 123,188,349 | \$ 128,332,269 |
| Restricted | 1,188,369 | 5,161,365 | 10,723,464 | 6,340,643 | 6,493,302 | 6,672,755 | 7,430,774 | 5,705,334 | 2,859,263 | 3,009,575 |
| Unrestricted | 18,729,187 | 25,648,517 | 20,328,735 | 28,993,518 | (6,847,070) | (2,764,846) | (529,973) | (2,432,744) | (19,736,395) | (26,229,051) |
| Total primary government net position | \$ 99,785,963 | \$ 101,614,229 | \$ 106,350,262 | \$ 112,929,632 | \$ 84,493,243 | \$ 93,650,672 | \$ 111,601,277 | \$ 115,824,395 | \$ 106,311,217 | \$ 105,112,793 |

* Beginning net position restated

GASB Statement No. 68 was implemented in 2014

GASB Statement No. 75 was implemented in 2018

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

Table 2
Page 1 of 2

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,506,622 | \$ 5,212,449 | \$ 5,227,490 | \$ 5,560,774 | \$ 5,506,479 | \$ 5,473,334 | \$ 6,451,137 | \$ 6,914,238 | \$ 6,878,117 | \$ 7,568,693 |
| Public safety | 16,793,744 | 16,839,226 | 17,112,887 | 17,689,569 | 18,726,272 | 18,447,133 | 20,279,524 | 22,661,191 | 24,276,099 | 25,317,250 |
| Public works | 6,031,735 | 5,435,377 | 5,037,657 | 5,110,944 | 6,198,843 | 5,478,100 | 5,952,721 | 6,046,733 | 6,252,507 | 6,636,236 |
| Parks, recreation and culture | 2,973,471 | 3,135,364 | 3,356,330 | 3,268,065 | 3,655,740 | 4,128,482 | 4,060,104 | 4,498,693 | 4,910,697 | 4,592,629 |
| Community development | 626,765 | 625,752 | 503,184 | 449,666 | 518,788 | 381,600 | 372,307 | 542,944 | 568,986 | 678,566 |
| Economic development | 1,671,805 | 1,673,080 | 2,133,942 | 2,254,660 | 1,846,045 | 1,898,790 | 2,216,399 | 2,408,864 | 2,452,098 | 2,611,732 |
| Interest on long-term debt | 342,732 | 259,918 | 290,181 | 284,930 | 215,380 | 175,056 | 164,617 | 212,333 | 241,549 | 472,193 |
| Total governmental activities expenses | 32,946,874 | 33,181,166 | 33,661,671 | 34,618,608 | 36,667,547 | 35,982,495 | 39,496,809 | 43,284,996 | 45,580,053 | 47,877,299 |
| Business-type activities: | | | | | | | | | | |
| Water and sewer services | 16,062,841 | 16,262,505 | 17,238,843 | 16,954,386 | 17,606,238 | 17,659,418 | 20,412,516 | 22,951,594 | 23,184,832 | 23,926,477 |
| Total business-type activities expenses | 16,062,841 | 16,262,505 | 17,238,843 | 16,954,386 | 17,606,238 | 17,659,418 | 20,412,516 | 22,951,594 | 23,184,832 | 23,926,477 |
| Total primary government expenses | \$ 49,009,715 | \$ 49,443,671 | \$ 50,900,514 | \$ 51,572,994 | \$ 54,273,785 | \$ 53,641,913 | \$ 59,909,325 | \$ 66,236,590 | \$ 68,764,885 | \$ 71,803,776 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 156,606 | \$ 428,026 | \$ 61,124 | \$ 61,811 | \$ 62,235 | \$ 59,224 | \$ 65,661 | \$ 78,871 | \$ 85,586 | \$ 92,360 |
| Public safety and courts | 4,146,327 | 3,769,281 | 3,956,597 | 4,047,676 | 3,985,838 | 4,192,162 | 4,338,495 | 4,635,011 | 4,518,708 | 4,357,327 |
| Public works | 2,175,180 | 2,201,745 | 2,249,161 | 2,234,873 | 2,561,400 | 2,586,280 | 2,731,542 | 2,686,200 | 2,889,655 | 2,904,271 |
| Parks, recreation and culture | 235,540 | 356,821 | 383,008 | 388,646 | 418,939 | 435,833 | 443,058 | 477,921 | 576,368 | 612,271 |
| Economic development | 219,991 | 79,876 | 101,234 | 68,137 | 93,257 | 68,010 | 57,850 | - | 39,047 | 153,127 |
| Operating grants and contributions | 2,027,801 | 1,520,809 | 1,908,854 | 2,217,909 | 2,863,555 | 2,654,380 | 2,139,975 | 3,176,857 | 2,267,893 | 3,374,237 |
| Capital grants and contributions | 10,115,868 | 195,696 | 657,135 | 268,999 | 2,372,060 | 1,207,142 | 9,064,025 | 6,909,606 | 9,520,114 | 1,382,806 |
| Total governmental activities program revenues | 19,077,313 | 8,552,254 | 9,317,113 | 9,288,051 | 12,357,284 | 11,203,031 | 18,840,606 | 17,964,466 | 19,897,371 | 12,876,399 |
| Business-type activities: | | | | | | | | | | |
| Charges for services - water and sewer | 18,654,564 | 20,256,196 | 20,348,381 | 20,815,639 | 21,034,775 | 21,634,744 | 22,576,678 | 22,827,222 | 23,166,411 | 23,372,514 |
| Operating grants and contributions | - | 65,894 | 25,494 | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | 1,694,297 | 2,128,816 | 1,532,724 | 1,985,402 | 6,727,154 | 654,066 | 757,170 | 779,607 |
| Total business-type activities program revenues | 18,654,564 | 20,322,090 | 22,068,172 | 22,944,455 | 22,567,499 | 23,620,146 | 29,303,832 | 23,481,288 | 23,923,581 | 24,152,121 |
| Total primary government activities program revenues | \$ 37,731,877 | \$ 28,874,344 | \$ 31,385,285 | \$ 32,232,506 | \$ 34,924,783 | \$ 34,823,177 | \$ 48,144,438 | \$ 41,445,754 | \$ 43,820,952 | \$ 37,028,520 |

Continued

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

Page 2 of 2

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net (expenses)/revenues | | | | | | | | | | |
| Governmental activities | \$ (13,869,561) | \$ (24,628,912) | \$ (24,344,558) | \$ (25,330,557) | \$ (24,310,263) | \$ (24,779,464) | \$ (20,656,203) | \$ (25,923,550) | \$ (25,682,682) | \$ (35,000,450) |
| Business-type activities | 2,591,723 | 4,059,585 | 4,829,329 | 5,990,069 | 4,961,261 | 5,960,728 | 8,891,316 | 529,694 | 738,749 | 225,644 |
| Total primary government net expenses | \$ (11,277,838) | \$ (20,569,327) | \$ (19,515,229) | \$ (19,340,488) | \$ (19,349,002) | \$ (18,818,736) | \$ (11,764,887) | \$ (25,393,856) | \$ (24,943,933) | \$ (34,774,806) |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 12,762,373 | \$ 9,426,121 | \$ 9,140,794 | \$ 10,132,215 | \$ 9,241,692 | \$ 9,637,697 | \$ 10,148,185 | \$ 9,935,294 | \$ 9,746,300 | 9,857,170 |
| Sales taxes | | | | | | | | | | |
| Local options sales taxes | - | 3,720,496 | 3,659,210 | 3,234,258 | 4,380,262 | 4,019,596 | 4,121,745 | 4,539,418 | 4,052,214 | 4,585,665 |
| Local accommodations taxes | 354,538 | 404,464 | 408,652 | 444,237 | 427,160 | 433,245 | 574,494 | 554,749 | 575,888 | 646,968 |
| Local hospitality taxes | 1,932,113 | 2,010,609 | 2,104,808 | 2,180,611 | 2,305,885 | 2,456,313 | 2,654,675 | 2,731,193 | 2,839,557 | 2,962,714 |
| Franchise taxes | 7,642,629 | 8,647,994 | 8,584,176 | 8,957,349 | 9,014,503 | 9,684,170 | 9,929,608 | 10,017,899 | 10,733,153 | 11,550,918 |
| State shared taxes | 1,090,927 | 898,041 | 778,770 | 972,987 | 957,975 | 951,401 | 933,862 | 1,025,715 | 999,263 | 1,595,660 |
| Interest and other | 80,637 | 153,630 | (539,782) | 238,191 | 211,001 | 154,366 | 631,365 | 284,611 | 330,675 | 745,914 |
| Gain (loss) on sale of property | 262,829 | (138,690) | 26,894 | 51,776 | 72,799 | 136,148 | 192,318 | 190,850 | 138,163 | 74,123 |
| Special item-loss on transfer of airport to Sumter County | - | (2,837,197) | - | - | - | - | - | - | - | - |
| Transfers | 841,087 | 1,101,440 | 1,040,067 | 1,178,717 | 1,557,957 | 1,340,599 | 1,379,543 | 1,530,655 | 1,681,705 | 1,923,203 |
| Total governmental activities | 24,967,133 | 23,386,908 | 25,203,589 | 27,390,341 | 28,169,234 | 28,813,535 | 30,565,796 | 30,810,384 | 31,096,918 | 33,942,335 |
| Business-type activities | | | | | | | | | | |
| Interest and other | 72,047 | 112,125 | 87,740 | (291,766) | 406,467 | 503,229 | 1,765,981 | 337,245 | 259,884 | 485,294 |
| Transfers | (841,087) | (1,101,440) | (1,040,067) | (1,178,717) | (1,557,957) | (1,340,599) | (1,379,543) | (1,530,655) | (1,681,705) | (1,923,203) |
| Total business-type activities | (769,040) | (989,315) | (952,327) | (1,470,483) | (1,151,490) | (837,370) | 386,438 | (1,193,410) | (1,421,821) | (1,437,909) |
| Total primary government | \$ 24,198,093 | \$ 22,397,593 | \$ 24,251,262 | \$ 25,919,858 | \$ 27,017,744 | \$ 27,976,165 | \$ 30,952,234 | \$ 29,616,974 | \$ 29,675,097 | \$ 32,504,426 |
| Changes in net position | | | | | | | | | | |
| Governmental activities | \$ 11,097,572 | \$ (1,242,004) | \$ 859,031 | \$ 2,059,784 | \$ 3,858,971 | \$ 4,034,071 | \$ 9,909,593 | \$ 4,886,834 | \$ 5,414,236 | \$ (1,058,115) |
| Business-type activities | 1,822,683 | 3,070,270 | 3,877,002 | 4,519,586 | 3,809,771 | 5,123,358 | 9,277,754 | (663,716) | (683,072) | (1,212,265) |
| Total primary government | \$ 12,920,255 | \$ 1,828,266 | \$ 4,736,033 | \$ 6,579,370 | \$ 7,668,742 | \$ 9,157,429 | \$ 19,187,347 | \$ 4,223,118 | \$ 4,731,164 | \$ (2,270,380) |

**CITY OF SUMTER, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS -
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED**

Table 3

| | 2010 | 2011 | 2012 | 2013 | 2014* | 2015 | 2016 | 2017 | 2018* | 2019 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| <u>Pre GASB 54: (1)</u> | | | | | | | | | | |
| Reserved | \$ 1,996,490 | | | | | | | | | |
| Unreserved | 6,590,017 | | | | | | | | | |
| <u>Post GASB 54: (1)</u> | | | | | | | | | | |
| Nonspendable | | 1,752,049 | 1,044,752 | 859,921 | 922,501 | 937,635 | 871,998 | 1,121,067 | 1,340,885 | 1,415,889 |
| Restricted | | - | 3,651,016 | 2,267,285 | 1,356,647 | 1,747,994 | 1,271,024 | 8,315,700 | 2,373,497 | 1,521,922 |
| Unassigned | | 8,310,029 | 6,943,826 | 9,956,403 | 12,228,926 | 13,939,785 | 17,259,471 | 15,343,958 | 16,135,376 | 15,177,436 |
| Total general fund | \$ 8,586,507 | \$ 10,062,078 | \$ 11,639,594 | \$ 13,083,609 | \$ 14,508,074 | \$ 16,625,414 | \$ 19,402,493 | \$ 24,780,725 | \$ 19,849,758 | \$ 18,115,247 |
| All other governmental funds | | | | | | | | | | |
| <u>Pre GASB 54: (1)</u> | | | | | | | | | | |
| Reserved | \$ 1,671,600 | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 990,624 | | | | | | | | | |
| <u>Post GASB 54: (1)</u> | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Restricted | | 2,586,553 | 3,831,804 | 4,318,409 | 3,321,746 | 3,674,181 | 4,017,629 | 2,563,750 | 1,363,618 | 3,608,325 |
| Unassigned | | (11,792) | (5,819) | - | - | - | - | - | - | - |
| Total all other governmental funds | \$ 2,662,224 | \$ 2,574,761 | \$ 3,825,985 | \$ 4,318,409 | \$ 3,321,746 | \$ 3,674,181 | \$ 4,017,629 | \$ 2,563,750 | \$ 1,363,618 | \$ 3,608,325 |
| Total fund balances, governmental funds | \$ 11,248,731 | \$ 12,636,839 | \$ 15,465,579 | \$ 17,402,018 | \$ 17,829,820 | \$ 20,299,595 | \$ 23,420,122 | \$ 27,344,475 | \$ 21,213,376 | \$ 21,723,572 |

(1) The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

GASB 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB 54 prospectively and thus has provided fund balance information prior to ("Pre") and after ("Post") its implementation.

*Beginning fund balance restated

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS -
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED

Table 4

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|-----------------|----------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 14,895,843 | \$ 15,369,151 | \$ 15,333,746 | \$ 15,933,550 | \$ 16,436,999 | \$ 16,703,384 | \$ 17,491,876 | \$ 17,222,554 | \$ 17,625,474 | \$ 18,023,005 |
| Licenses and permits | 8,454,695 | 8,928,576 | 8,957,579 | 9,301,024 | 9,304,157 | 10,017,818 | 10,288,917 | 10,505,914 | 11,317,317 | 12,019,355 |
| Intergovernmental | 14,561,393 | 6,034,723 | 6,276,527 | 6,570,703 | 9,422,466 | 7,952,977 | 15,560,058 | 13,766,239 | 16,065,032 | 9,122,553 |
| Charges for services | 2,512,973 | 2,601,425 | 2,649,115 | 2,686,487 | 3,049,658 | 3,090,515 | 3,186,806 | 3,189,280 | 3,436,666 | 3,491,444 |
| Fines and forfeits | 446,604 | 325,729 | 407,739 | 419,500 | 394,440 | 444,010 | 520,929 | 426,563 | 338,920 | 405,754 |
| Interest earned and investment return | 124,468 | 122,145 | (559,174) | (21,483) | 78,181 | 27,559 | 141,184 | 115,168 | 120,629 | 163,862 |
| Other | 188,253 | 124,916 | 160,771 | 106,547 | 141,669 | 103,196 | 503,657 | 172,038 | 363,287 | 1,057,146 |
| Total revenues | \$ 41,184,229 | \$ 33,506,665 | \$ 33,226,303 | \$ 34,996,328 | \$ 38,827,570 | \$ 38,339,459 | \$ 47,693,427 | \$ 45,397,756 | \$ 49,267,325 | \$ 44,283,119 |
| Expenditures | | | | | | | | | | |
| General government | \$ 4,302,085 | \$ 5,068,526 | \$ 5,034,237 | \$ 5,350,291 | \$ 5,334,675 | \$ 5,535,277 | \$ 6,196,203 | \$ 6,373,283 | \$ 6,384,559 | \$ 6,782,912 |
| Public safety | 15,402,499 | 15,576,986 | 15,761,596 | 16,453,860 | 16,677,457 | 17,983,142 | 18,312,228 | 19,922,523 | 20,519,438 | 21,221,972 |
| Public works | 4,389,181 | 3,772,339 | 3,560,863 | 3,548,506 | 4,501,353 | 3,922,498 | 4,018,174 | 4,254,877 | 4,414,269 | 4,738,337 |
| Parks and gardens | 1,686,536 | 1,906,528 | 1,636,336 | 1,586,780 | 1,741,499 | 2,051,372 | 2,178,291 | 2,144,481 | 2,324,951 | 2,034,583 |
| Culture and recreation | 625,581 | 569,650 | 1,049,968 | 1,036,629 | 1,117,699 | 1,420,143 | 1,004,796 | 1,367,230 | 1,565,518 | 1,513,670 |
| Community development | 489,124 | 488,111 | 365,543 | 310,025 | 377,225 | 289,640 | 203,418 | 389,652 | 255,773 | 371,838 |
| Economic development | 1,273,882 | 1,694,256 | 1,953,751 | 2,030,994 | 1,617,646 | 1,670,764 | 1,911,249 | 1,976,225 | 2,027,683 | 2,175,110 |
| Capital outlay | 10,667,283 | 2,735,228 | 4,607,333 | 2,980,566 | 6,920,566 | 3,828,240 | 11,788,296 | 11,532,355 | 24,808,032 | 8,722,710 |
| Debt service | | | | | | | | | | |
| Principal | 1,931,933 | 1,881,620 | 2,483,333 | 1,675,465 | 2,459,785 | 1,764,903 | 1,837,738 | 1,870,817 | 2,215,542 | 2,441,317 |
| Interest and other charges | 316,947 | 338,156 | 317,180 | 265,934 | 238,459 | 184,848 | 172,802 | 154,941 | 223,344 | 312,106 |
| Total expenditures | \$ 41,085,051 | \$ 34,031,400 | \$ 36,770,140 | \$ 35,239,050 | \$ 40,986,364 | \$ 38,650,827 | \$ 47,623,195 | \$ 49,986,384 | \$ 64,739,109 | \$ 50,314,555 |
| Excess of revenue over (under) expenditures | \$ 99,178 | \$ (524,735) | \$ (3,543,837) | \$ (242,722) | \$ (2,158,794) | \$ (311,368) | \$ 70,232 | \$ (4,588,628) | \$ (15,471,784) | \$ (6,031,436) |
| Other financing sources (uses) | | | | | | | | | | |
| General obligation bonds | \$ 2,000,000 | \$ - | \$ 4,234,000 | \$ - | \$ - | \$ - | \$ - | \$ 4,495,000 | \$ 6,000,000 | \$ 2,000,000 |
| Capital leases issued | 850,000 | 750,000 | 990,000 | 733,000 | 733,000 | 1,295,000 | 1,450,000 | 2,128,816 | 1,407,000 | 1,896,000 |
| Sale of property | 262,829 | 61,403 | 43,800 | 267,444 | 204,306 | 145,544 | 220,752 | 358,510 | 251,981 | 667,429 |
| Note payable | 700,000 | - | - | - | - | - | - | - | - | - |
| Transfers in | 2,427,388 | 1,811,113 | 2,185,026 | 2,534,361 | 2,945,413 | 3,039,094 | 3,041,475 | 3,553,025 | 3,885,076 | 4,106,733 |
| Transfers out | (1,586,301) | (709,673) | (1,080,249) | (1,355,644) | (1,396,123) | (1,698,495) | (1,661,932) | (2,022,370) | (2,203,372) | (2,183,530) |
| Total other financing sources (uses) | \$ 4,653,916 | \$ 1,912,843 | \$ 6,372,577 | \$ 2,179,161 | \$ 2,486,596 | \$ 2,781,143 | \$ 3,050,295 | \$ 8,512,981 | \$ 9,340,685 | \$ 6,486,632 |
| Net change in fund balances | \$ 4,753,094 | \$ 1,388,108 | \$ 2,828,740 | \$ 1,936,439 | \$ 327,802 | \$ 2,469,775 | \$ 3,120,527 | \$ 3,924,353 | \$ (6,131,099) | \$ 455,196 |
| Debt service as a percentage of | | | | | | | | | | |
| Non-capital expenditures | 7.39% | 7.09% | 8.71% | 6.02% | 7.92% | 5.60% | 5.61% | 5.27% | 6.11% | 6.62% |

CITY OF SUMTER, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY -
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)
UNAUDITED

Table 5

| Fiscal Year | Real Property | | | Personal Property | | | Less, Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Total Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|-------------|----------------------|---------------------|-----------|-------------------|-----------|-----------|---------------------------|------------------------------|-----------------------|------------------------------|--|
| | Residential Property | Commercial Property | Total | Motor Vehicles | Other | Total | | | | | |
| 2010 | \$ 92,750 | \$ 1,030 | \$ 93,780 | \$ 12,330 | \$ 13,390 | \$ 25,720 | \$ 530 | \$ 118,970 | 103 | \$ 2,230,511 | 5.33% |
| 2011 | 92,850 | 1,130 | 93,980 | 13,400 | 13,960 | 27,360 | 420 | 120,920 | 103 | 2,300,385 | 5.26% |
| 2012 | 98,790 | 1,110 | 99,900 | 15,070 | 10,210 | 25,280 | 360 | 124,820 | 103 | 2,350,544 | 5.31% |
| 2013 | 99,490 | 1,180 | 100,670 | 14,280 | 13,950 | 28,230 | 250 | 128,650 | 102 | 2,489,160 | 5.17% |
| 2014 | 100,510 | 1,290 | 101,800 | 15,850 | 14,840 | 30,690 | 250 | 132,240 | 102 | 2,613,680 | 5.06% |
| 2015 | 102,330 | 1,540 | 103,870 | 15,560 | 15,620 | 31,180 | 250 | 134,800 | 102 | 2,763,010 | 4.88% |
| 2016 | 103,620 | 1,040 | 104,660 | 16,230 | 14,460 | 30,690 | - | 135,350 | 102 | 2,804,650 | 4.83% |
| 2017 | 105,500 | 1,320 | 106,820 | 16,770 | 13,190 | 29,960 | - | 136,780 | 102 | 2,852,210 | 4.80% |
| 2018 | 105,900 | 1,280 | 107,180 | 15,560 | 13,820 | 29,380 | - | 136,560 | 102 | 2,841,758 | 4.81% |
| 2019 | 107,540 | 1,270 | 108,810 | 15,420 | 14,270 | 29,690 | - | 138,500 | 102 | 2,887,540 | 4.80% |

Property is reassessed approximately every five years. Reassessments took place in 2012 and 2017. The City has a tax increment district. The total millage for the City is listed.

Source: Sumter County Auditor

**CITY OF SUMTER, SOUTH CAROLINA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 6

| Fiscal Year | City of Sumter(1) | | | Sumter County (2) | | | Sumter County School District (2) | | | Total |
|-------------|-------------------|-----------------|--------------|-------------------|-----------------|----------------|-----------------------------------|-----------------|----------------|--------|
| | Operating Millage | Debt | Total | Operating Millage | Debt | Total | Operating Millage | Debt | Total | |
| | | Service Millage | City Millage | | Service Millage | County Millage | | Service Millage | School Millage | |
| 2010 | 98.00 | 5.00 | 103.00 | 88.80 | 15.00 | 103.80 | 147.70 | 40.00 | 187.70 | 394.50 |
| 2011 | 98.00 | 5.00 | 103.00 | 89.00 | 15.00 | 104.00 | 147.70 | 47.00 | 194.70 | 401.70 |
| 2012 | 98.00 | 5.00 | 103.00 | 90.30 | 15.00 | 105.30 | 151.00 | 57.00 | 208.00 | 416.30 |
| 2013 (3) | 97.00 | 5.00 | 102.00 | 90.30 | 15.00 | 105.30 | 151.00 | 60.00 | 211.00 | 418.30 |
| 2014 | 97.00 | 5.00 | 102.00 | 92.00 | 15.00 | 107.00 | 151.00 | 60.00 | 211.00 | 420.00 |
| 2015 | 97.00 | 5.00 | 102.00 | 92.00 | 15.00 | 107.00 | 151.00 | 60.00 | 211.00 | 420.00 |
| 2016 | 97.00 | 5.00 | 102.00 | 96.30 | 15.00 | 111.30 | 151.00 | 60.00 | 211.00 | 424.30 |
| 2017 (3) | 97.00 | 5.00 | 102.00 | 98.20 | 15.00 | 113.20 | 160.10 | 60.00 | 220.10 | 435.30 |
| 2018 | 97.00 | 5.00 | 102.00 | 98.20 | 15.00 | 113.20 | 160.10 | 50.00 | 210.10 | 425.30 |
| 2019 | 97.00 | 5.00 | 102.00 | 98.20 | 15.00 | 113.20 | 160.10 | 50.00 | 210.10 | 425.30 |

(1) Source: City of Sumter Finance Department

(2) Source: Sumter County Auditor

(3) Reassessment year

**CITY OF SUMTER, SOUTH CAROLINA
PRINCIPAL TAXPAYERS -
CURRENT YEAR AND NINE YEARS AGO
(Amounts Expressed in Thousands)
UNAUDITED**

Table 7

| Taxpayer | Fiscal Year 2019 | | | Fiscal Year 2010* | | |
|------------------------------|-------------------------------|------|--|--------------------------------|------|--|
| | 2018 Assessed Valuation | Rank | Percentage of Total Assessed Valuation | 2009* Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Duke Energy Progress, Inc. | \$ 2,035 | 1 | 1.47% | | | |
| SRC Piedmont Plantation Apt. | 1,377 | 2 | 0.99% | | | |
| Ashton Mill of Sumter, LLC | 9,087 | 4 | 6.56% | | | |
| FTC Diversified | 668 | 10 | 0.48% | \$ 664 | 6 | 0.56% |
| SCE&G | 991 | 3 | 0.72% | 733 | 4 | 0.62% |
| Carolina Power & Light | | | | 1,384 | 1 | 1.16% |
| Time Warner Cable | | | | 717 | 5 | 0.60% |
| Formed Fiber 789 | 778 | 6 | 0.56% | | | |
| Select-Wesmark Plaza | 681 | 8 | 0.49% | | | |
| Safe Federal Credit Union | 796 | 5 | 0.57% | | | |
| Osteen Publishing | | | | 288 | 8 | 0.24% |
| Scott H. Lee | 693 | 7 | 0.50% | | | |
| Piggly Wiggly | | | | 297 | 7 | 0.25% |
| Sumter Mall | 669 | 9 | 0.48% | 832 | 3 | 0.70% |
| Carolina Furniture | | | | 281 | 9 | 0.24% |
| AT&T Communications | | | | 67 | 10 | 0.06% |
| Verizon | | | | 1,321 | 2 | 1.11% |
| Totals | <u>\$ 17,775</u> | | <u>12.83%</u> | <u>\$ 6,584</u> | | <u>4.42%</u> |

Source: Sumter County Auditor

Total assessed for tax year 2019: 138,508,400

Total assessed for tax year 2010: 118,970,000

*Management estimate

**CITY OF SUMTER, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS -
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)
UNAUDITED**

Table 8

| Fiscal Year | Tax Year | Total Property Taxes Levied (1) | Collected within the | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|-------------|--|----------------------|---------------------------|--|---------------------------|-----------------------|
| | | | Amount (1) (2) | Percentage of Levy (1) | | Amount | Percentage of Levy |
| 2010 | 2009 | \$ 9,105 | \$ 8,685 | 95.4% | \$ 354 | \$ 9,039 | 99.3% |
| 2011 | 2010 | 8,924 | 8,593 | 96.3% | 381 | 8,974 | 100.6% |
| 2012 | 2011 | 9,014 | 8,635 | 95.8% | 277 | 8,912 | 98.9% |
| 2013 | 2012 (3) | 9,761 | 9,562 | 98.0% | 339 | 9,901 | 101.4% |
| 2014 | 2013 | 9,101 | 8,552 | 94.0% | 480 | 9,032 | 99.2% |
| 2015 | 2014 | 8,944 | 8,582 | 96.0% | 408 | 8,990 | 100.5% |
| 2016 | 2015 | 9,791 | 9,175 | 93.7% | 417 | 9,592 | 98.0% |
| 2017 | 2016 (3) | 9,141 | 8,533 | 93.3% | 292 | 8,825 | 96.5% |
| 2018 | 2017 | 9,747 | 9,102 | 93.4% | 337 | 9,439 | 96.8% |
| 2019 | 2018 | 9,455 | 8,677 | 91.8% | 317 | 8,994 | 95.1% |

(1) Source: Sumter County Treasurer

(2) Amount includes current tax collections for real and personal property, as well as, reimbursement for homestead exemptions.

(3) Reassessment

Property taxes are collected by the Sumter County Treasurer's office.

**CITY OF SUMTER, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 9

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income | Population (1) | Per Capita (1) |
|-------------|--------------------------|---------------|---------------------|------------------|----------------|--------------------------|---------------|----------------|--------------------------|-------------------------------|----------------|----------------|
| | General Obligation Bonds | Revenue Bonds | Tax Increment Bonds | Note Payable HUD | Capital Leases | Revenue Bonds | Notes Payable | Capital Leases | | | | |
| 2010 | \$ 3,161,078 | \$ - | \$ 859,138 | \$ 2,359,000 | \$ 2,412,586 | \$ 35,308,745 | \$ 5,333,592 | \$ - | \$ 49,434,139 | 4.09% | 40,518 | 1,220 |
| 2011 | 2,678,694 | - | 704,209 | 1,938,000 | 2,339,279 | 38,853,141 | 45,186 | - | 46,558,509 | 3.62% | 40,443 | 1,151 |
| 2012 | 4,717,453 | 1,734,000 | - | 1,513,000 | 2,436,396 | 37,043,900 | - | - | 47,444,749 | 3.55% | 40,368 | 1,175 |
| 2013 | 4,051,216 | 1,501,000 | - | 1,432,000 | 2,474,168 | 34,675,735 | - | - | 44,134,119 | 2.92% | 40,293 | 1,095 |
| 2014 | 3,395,067 | 1,263,000 | - | 673,000 | 2,400,533 | 32,717,272 | - | - | 40,448,872 | 2.59% | 40,218 | 1,006 |
| 2015 | 2,714,307 | 1,020,000 | - | 636,000 | 2,891,391 | 30,684,808 | - | - | 37,946,506 | 2.38% | 40,143 | 945 |
| 2016 | 2,255,462 | 772,000 | - | 597,000 | 3,249,497 | 57,661,193 | - | - | 64,535,152 | 3.98% | 40,068 | 1,611 |
| 2017 | 1,781,443 | 519,000 | 4,500,000 | 556,000 | 4,275,517 | 54,834,352 | - | 361,953 | 66,828,265 | 4.06% | 39,982 | 1,671 |
| 2018 | 7,297,137 | 262,000 | 4,295,000 | 513,000 | 4,456,281 | 51,903,418 | - | 287,154 | 69,013,990 | 4.42% | 39,656 | 1,740 |
| 2019 | 6,797,426 | 200,000 | 4,095,000 | 467,000 | 4,918,671 | 48,847,455 | - | 239,620 | 65,565,172 | 4.10% | 39,656 * | 1,653 |

(1) See Table 14 Demographic and Economic Statistics for population data.

*Management estimate

**CITY OF SUMTER, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 10

| Fiscal Year | General Bonded Debt Outstanding | | | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|----------------|------------------------------------|------------------------|--------------|---|---------------|
| | General Obligation Bonds (1) | Redevelopment Bonds | Total | | |
| 2010 | \$ 3,161,078 | \$ - | \$ 3,161,078 | 0.14% | 78 |
| 2011 | 2,678,694 | - | 2,678,694 | 0.12% | 66 |
| 2012 | 4,717,453 | - | 4,717,453 | 0.20% | 117 |
| 2013 | 4,051,216 | - | 4,051,216 | 0.16% | 101 |
| 2014 | 3,395,067 | - | 3,395,067 | 0.13% | 84 |
| 2015 | 2,714,307 | - | 2,714,307 | 0.10% | 68 |
| 2016 | 2,255,462 | - | 2,255,462 | 0.08% | 56 |
| 2017 | 1,781,443 | - | 1,781,443 | 0.06% | 45 |
| 2018 | 7,297,137 | - | 7,297,137 | 0.26% | 184 |
| 2019 | 6,797,426 | - | 6,797,426 | 0.24% | 171 |

(1) Source: City of Sumter Finance Department

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

Property tax values data can be found in Table 5.

Population data can be found in Table 14.

**CITY OF SUMTER, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019
UNAUDITED**

Table 11

| Governmental Unit | Net General Obligation Bonded Debt Outstanding | Estimated Percentage Applicable to City of Sumter | Estimated Share of Direct and Overlapping Debt Applicable to City of Sumter |
|--|---|---|---|
| Debt repaid with property taxes | | | |
| Sumter County School District | \$ 7,728,000 (1) | 35% (4) | \$ 2,704,800 |
| Sumter County General Obligation | 38,186,000 (2) | 35% (4) | <u>13,365,100</u> |
| Subtotal , overlapping debt | | | <u>16,069,900</u> |
| City direct debt | 6,797,426 (3) | 100% (3) | <u>6,797,426</u> |
| Total direct and overlapping debt | | | <u><u>\$ 22,867,326</u></u> |

(1) Source: Sumter County School District

(2) Source: Sumter County Finance Department

(3) Source: City of Sumter Finance Department

(4) Estimate based on population of City vs. County

**CITY OF SUMTER, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 12

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit | \$ 9,707,200 | \$ 10,014,400 | \$ 10,312,000 | \$ 10,599,200 | \$ 10,804,000 | \$ 10,784,548 | \$ 10,942,400 | \$ 10,942,400 | \$ 10,924,800 | \$ 11,080,672 |
| Total net debt applicable to limit | 3,161,078 | 2,768,694 | 4,717,453 | 4,051,216 | 3,395,067 | 2,714,307 | 2,255,462 | 1,781,443 | 7,297,137 | 6,797,426 |
| Legal debt margin | \$ 6,546,122 | \$ 7,245,706 | \$ 5,594,547 | \$ 6,547,984 | \$ 7,408,933 | \$ 8,070,241 | \$ 8,686,938 | \$ 9,160,957 | \$ 3,627,663 | \$ 4,283,246 |
| Total net debt applicable to the limit as a percentage of debt limit | 32.56% | 27.65% | 45.75% | 38.22% | 31.42% | 25.17% | 20.61% | 16.28% | 66.79% | 61.34% |

Calculation of legal debt margin for fiscal year 2019:

| | |
|--|---------------------|
| Total assessed value | \$ 138,508,400 |
| Debt limit (8% of total assessed value) | 11,080,672 |
| Less, total general obligation bonds outstanding | <u>(6,797,426)</u> |
| Legal debt margin | <u>\$ 4,283,246</u> |

**CITY OF SUMTER, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE -
 WATER AND SEWER AUTHORITY -
 LAST TEN FISCAL YEARS
 UNAUDITED**

Table 13

| Fiscal Year | Revenues (1) | Expenses (2) | Net Revenue Available For Debt Service | Debt Service Requirements | | | Revenue Bond Coverage Ratio |
|----------------|---------------|---------------|--|---------------------------|--------------|--------------|--------------------------------|
| | | | | Principal | Interest | Total | |
| 2010 | \$ 18,618,455 | \$ 11,176,391 | \$ 7,442,064 | \$ 1,671,977 | \$ 1,884,564 | \$ 3,556,541 | 2.09 |
| 2011 | 20,256,196 | 11,078,380 | 9,177,816 | 1,720,128 | 1,735,069 | 3,455,197 | 2.66 |
| 2012 | 19,761,046 | 11,614,937 | 8,146,109 | 1,785,359 | 1,650,486 | 3,435,845 | 2.37 |
| 2013 | 20,187,801 | 11,421,967 | 8,765,834 | 1,890,528 | 1,585,618 | 3,476,146 | 2.52 |
| 2014 | 20,512,584 | 12,245,322 | 8,267,262 | 1,958,463 | 1,517,983 | 3,476,446 | 2.38 |
| 2015 | 21,077,607 | 12,150,809 | 8,926,798 | 2,032,464 | 1,447,782 | 3,480,246 | 2.56 |
| 2016 | 21,956,162 | 14,151,646 | 7,804,516 | 1,863,615 | 1,593,319 | 3,456,934 | 2.26 |
| 2017 | 22,213,560 | 15,693,861 | 6,519,699 | 2,826,841 | 2,073,590 | 4,900,431 | 1.33 |
| 2018 | 22,542,250 | 14,795,460 | 7,746,790 | 2,930,934 | 1,967,440 | 4,898,374 | 1.58 |
| 2019 | 22,601,774 | 15,292,613 | 7,309,161 | 3,055,963 | 1,843,023 | 4,898,986 | 1.49 |

(1) Total revenues exclusive of interest earnings and non-operating income.

(2) Total operating expenses exclusive of depreciation, amortization, and interest expense

Source: City of Sumter Finance Department

Details of the outstanding debt can be found in the notes to the financial statements.

**CITY OF SUMTER, SOUTH CAROLINA
 DEMOGRAPHIC STATISTICS -
 LAST TEN FISCAL YEARS
 UNAUDITED**

Table 14

| Fiscal Year | Population | Per Capita Income | Personal Income | School Enrollment (4) | Unemployment Rate (2) |
|----------------|------------|-------------------------|--------------------|--------------------------|--------------------------|
| 2010 | 40,518 (1) | \$ 29,845 (2) | \$ 1,209,259,710 | 8,387 | 11.9% |
| 2011 * | 40,443 (3) | 31,725 (2) | 1,283,054,175 | 16,855 | 11.7% |
| 2012 * | 40,368 (3) | 32,973 (2) | 1,331,054,064 | 16,917 | 10.3% |
| 2013 * | 40,293 (3) | 37,290 (3) | 1,502,525,970 | 16,251 | 8.8% |
| 2014 * | 40,218 (3) | 38,483 (3) | 1,547,709,294 | 17,045 | 6.1% |
| 2015 * | 40,143 (3) | 39,389 (2) | 1,581,192,627 | 17,237 | 7.4% |
| 2016 * | 40,068 (3) | 39,996 (3) | 1,602,559,728 | 16,511 | 5.7% |
| 2017 * | 39,982 (1) | 40,623 (3) | 1,624,188,786 | 16,393 | 4.8% |
| 2018 * | 39,656 (1) | 38,562 (3) | 1,529,214,672 | 16,501 | 3.6% |
| 2019 * | 39,656 (4) | 39,462 (3) | 1,564,905,072 | 16,387 | 3.7% |

(1) Source: US Census Bureau

(2) Source: US Department of Commerce, Bureau of Economic Analysis

(3) Source: Estimate by City of Sumter Finance Department

(4) Source: Sumter County School District

*School enrollment reflects total number of students in merged districts 2 & 17

**CITY OF SUMTER, SOUTH CAROLINA
PRINCIPAL EMPLOYERS -
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

Table 15

| Employer | 2019 | | | 2010 | | |
|---|---------------------|------|--------------------------------|---------------------|------|--------------------------------|
| | Number of Employees | Rank | Percentage of Total Employment | Number of Employees | Rank | Percentage of Total Employment |
| Shaw Air Force Base (1) | 8,524 | 1 | 20.13% | 7,400 | 1 | 19.03% |
| Sumter County School District (3) | 2,937 | 2 | 6.94% | | | |
| Sumter School District #17 | | | | 1,375 | 4 | 3.54% |
| Sumter School District #2 | | | | 1,233 | 5 | 3.17% |
| Palmetto Health Tuomey (4) | 1,800 | 3 | 4.25% | 1,788 | 3 | 4.60% |
| Continental Tire the Americas (2) | 1,300 | 4 | 3.07% | | | |
| Pilgrim's Inc. (2) | 1,070 | 5 | 2.53% | 2,150 | 2 | 5.53% |
| State of South Carolina (5) | 982 | 6 | 2.32% | 1,060 | 6 | 2.73% |
| BD Diagnostics, Preanalytical Solutions | 975 | 7 | 2.30% | 720 | 7 | 1.85% |
| Sykes, Inc. (Data Center) (2) | 950 | 8 | 2.24% | | | |
| Eaton Electrical | 836 | 9 | 1.97% | 500 | 9 | 1.29% |
| Sumter County Government (2) | 590 | 10 | 1.39% | 520 | 8 | 1.34% |
| Santee Print Works | | | | 400 | 10 | 1.03% |
| Total Employment (6) | 42,344 | | | 38,888 | | |

Table reflects data for the entire county of Sumter

- (1) Source: Shaw Air Force Base Public Affairs Department
- (2) Source: Sumter County Development Board
- (3) Estimate by City of Sumter Finance Department
- (4) Source: Palmetto Health Tuomey
- (5) Source: State of South Carolina Budget and Control Board
- (6) Source: SC Department of Employment and Workforce

**CITY OF SUMTER, SOUTH CAROLINA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION -
 LAST TEN FISCAL YEARS
 UNAUDITED**

Table 16

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| General government | | | | | | | | | | |
| Administrative | 24 | 27 | 27 | 28 | 27 | 25 | 25 | 25 | 25 | 31 |
| City store | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning | 12 | 11 | 10 | 10 | 11 | 8 | 10 | 10 | 11 | 11 |
| Business license (2) | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Downtown | 2 | 2 | 2 | 3 | 4 | 5 | 6 | 5 | 6 | 7 |
| Public safety | | | | | | | | | | |
| Building inspections | 11 | 12 | 12 | 12 | 12 | 11 | 12 | 11 | 12 | 12 |
| Codes (3) | 4 | 4 | 4 | 5 | 4 | 6 | 7 | 7 | 7 | 7 |
| Police (4) | 118 | 121 | 120 | 124 | 120 | 120 | 120 | 122 | 143 | 143 |
| Police city-county | 34 | 36 | 35 | 34 | 35 | 33 | 37 | 33 | 33 | 33 |
| Municipal Court (1) | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | 108 | 101 | 104 | 101 | 104 | 106 | 107 | 108 | 101 | 101 |
| Public works | | | | | | | | | | |
| Construction | 10 | 7 | 7 | 6 | 9 | 10 | 9 | 10 | 12 | 12 |
| Engineering | 6 | 7 | 5 | 7 | 7 | 7 | 9 | 7 | 7 | 6 |
| Public works | 10 | 8 | 10 | 10 | 8 | 8 | 9 | 8 | 9 | 9 |
| Vehicle maintenance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sanitation | 40 | 38 | 38 | 39 | 39 | 38 | 37 | 39 | 41 | 41 |
| Parks and gardens | 34 | 37 | 35 | 34 | 38 | 39 | 38 | 39 | 33 | 33 |
| Recreation | 4 | 6 | 7 | 7 | 6 | 7 | 7 | 9 | 9 | 21 |
| Community development | | | | | | | | | | |
| Hope centers | 10 | 11 | 12 | 11 | 11 | 12 | 12 | 12 | 11 | 11 |
| Water and sewer | | | | | | | | | | |
| Utility billing | 20 | 27 | 29 | 28 | 29 | 27 | 28 | 26 | 27 | 27 |
| Water & sewer distribution | 32 | 31 | 29 | 29 | 32 | 30 | 28 | 29 | 33 | 33 |
| Mechanical maintenance | 11 | 9 | 10 | 9 | 10 | 11 | 10 | 12 | 11 | 11 |
| Water plants | 12 | 12 | 12 | 12 | 12 | 14 | 14 | 14 | 15 | 15 |
| Sewer plant | 28 | 25 | 26 | 26 | 26 | 26 | 26 | 25 | 28 | 28 |
| Electrical maintenance | 3 | 1 | 2 | 2 | 3 | 3 | 2 | 2 | 3 | 3 |
| Mayesville | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 |
| TOTAL EMPLOYEES | 545 | 543 | 547 | 548 | 557 | 557 | 564 | 564 | 588 | 606 |

- (1) In prior years the employees for the Municipal Court were included with the police department employees.
- (2) In prior years the employees for business license were included with administration.
- (3) In prior years the employees for codes were included with police.
- (4) Police and police clerical have been combined.

**CITY OF SUMTER, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 17

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| General government (4) | | | | | | | | | | |
| Building permits issued - | | | | | | | | | | |
| Commercial | 146 | 187 | 187 | 182 | 176 | 135 | 213 | 209 | 173 | 165 |
| Residential | 612 | 797 | 1,600 | 873 | 763 | 862 | 1,017 | 881 | 795 | 762 |
| Police (1) | | | | | | | | | | |
| Number of police calls | 69,850 | 68,993 | 76,570 | 71,292 | 82,493 | 87,492 | 86,440 | 75,767 | 72,838 | 76,635 |
| Traffic violations | 6,275 | 5,724 | 6,316 | 4,701 | 4,240 | 6,404 | 6,469 | 5,028 | 2,197 | 4,995 |
| Fire (2) | | | | | | | | | | |
| Calls answered | 2,005 | 2,121 | 2,042 | 2,131 | 2,980 | 3,050 | 3,188 | 3,007 | 3,185 | 3,811 |
| Water system (3) | | | | | | | | | | |
| Service connections | 22,472 | 22,556 | 23,022 | 23,095 | 23,184 | 23,305 | 23,079 | 23,068 | 23,708 | 23,673 |
| Average daily consumptions (in millions of gallons) | 11.5 | 11.5 | 11.3 | 11.2 | 11.5 | 11.9 | 12.3 | 13.1 | 13.9 | 13.3 |
| Maximum daily capacity (in millions of gallons) | 23.9 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 23.3 | 20.1 | 27.3 |
| Wastewater system (3) | | | | | | | | | | |
| Service connections | 16,455 | 16,655 | 16,847 | 16,755 | 16,853 | 17,039 | 17,355 | 17,178 | 17,814 | 17,783 |
| Average daily treatment (in millions of gallons) | 8.7 | 8.0 | 7.6 | 8.0 | 10.0 | 8.6 | 11.6 | 10.4 | 10.4 | 11.9 |
| Maximum daily capacity (in millions of gallons) | 18.1 | 15.0 | 15.0 | 15.0 | 15.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 |

(1) Source: City of Sumter Police Department

(2) Source: City of Sumter Fire Department

(3) Source: City of Sumter Public Services Department

(4) Source: City of Sumter Building Inspection/Codes Departments

**CITY OF SUMTER, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 18

| Function/Program | Fiscal Year | | | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Police (1) | | | | | | | | | | |
| Stations | *3 | *3 | *3 | *3 | *3 | *3 | *3 | *3 | *3 | *3 |
| Fire stations (2) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Highways and streets (3) | | | | | | | | | | |
| Streets (in miles)** | 78 | 81 | 84 | 87 | 89 | 89 | 91 | 93 | 93 | 95 |
| Streetlights | 2,548 | 2,566 | 2,633 | 2,636 | 2,645 | 2,673 | 1,492 | 1,516 | 2,406 | 2,410 |
| Culture and recreation (4) | | | | | | | | | | |
| Community centers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 3 |
| Parks | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 24 | 26 |
| Park acreage | 242 | 242 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 |
| Water park | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 5 | 5 | 5 |
| Aquatic center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 27 | 27 | 27 | 27 | 27 | 27 | 24 | 24 | 24 | 24 |
| Water system (4) | | | | | | | | | | |
| Water mains (in miles) | 456 | 460 | 464 | 468 | 472 | 470 | 474 | 471 | 471 | 473 |
| Fire hydrants | 1,649 | 1,633 | 1,617 | 1,601 | 1,585 | 1,638 | 1,640 | 1,643 | 1,650 | 1,659 |
| Wastewater system (4) | | | | | | | | | | |
| Sanitary sewers (in miles) | 321 | 326 | 331 | 336 | 339 | 340 | 341 | 342 | 342 | 344 |
| Treatment plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

*Number of police stations and annexes

**City owned and maintained

(1) Source: City of Sumter Police Department

(2) Source: City of Sumter Fire Department

(3) Source: City of Sumter Planning, Engineering, and Finance Departments

(4) Source: City of Sumter Public Services/Engineering Departments

REGULATORY SECTION

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---|----------------------------|
| Department of Defense Pass Through Program | | | |
| Department of Homeland Security | 97.036 | FEMA-4241-DR-SC | \$ 60,163 |
| Federal Emergency Management Agency Pass-through Program From | 97.036 | FEMA-4394-DR-SC | 103,073 |
| South Carolina Emergency Mangement Division | 97.039 | FEMA-4241-0007-DR-SC-HMGP | 138,422 |
| | 97.039 | FEMA-4241-0008-DR-SC-HMGP | 510,558 |
| | 97.039 | FEMA-4241-0018-DR-SC-HMGP | 85,367 |
| Total Department of Defense | | | <u>897,583</u> |
| Department of Housing and Urban Development Direct Programs: | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-14-MC-45-0011 | 33,454 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-16-MC-45-0011 | 516 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-17-MC-45-0011 | 163,167 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-18-MC-45-0011 | 129,376 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-19-MC-45-0011 | 44,184 |
| | | | <u>370,697</u> |
| Department of Housing and Urban Development Pass-through Programs From: | | | |
| Santee Lynches Regional Council of Governments | | | |
| HOME Investment Partnership Program | 14.239 | M13DC450206 | 55,252 |
| HOME Investment Partnership Program | 14.239 | M14DC450206 | 280 |
| | | | <u>55,532</u> |
| Total Department of Housing and Urban Development | | | <u>426,229</u> |
| Department of Justice Direct Programs: | | | |
| Bullet Proof Vest Partnership Program | 16.607 | 2017BUBX17088490 | 7,876 |
| Bullet Proof Vest Partnership Program | 16.607 | 2018BUBX18091069 | 2,794 |
| | | | <u>10,670</u> |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2017DJBX0501 | 26,163 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2018DJBX0109 | 23,284 |
| | | | <u>49,447</u> |
| Drug Enforcement Administration (Equitable Sharing) | 16.922 | | 231,405 |
| Department of Justice Pass-through Programs From: | | | |
| South Carolina Department of Public Safety | | | |
| Victims of Crime | 16.575 | 1V17009 | 4,855 |
| Victims of Crime | 16.575 | 1V18084 | 22,779 |
| | | | <u>27,634</u> |
| Total Department of Justice | | | <u>319,156</u> |
| Department of Transportation Pass-through Programs From: | | | |
| South Carolina Department of Transportation | | | |
| Federal Transit-Metropolitan Planning Grants | 20.205 | | 48,282 |
| Total Department of Transportation | | | <u>48,282</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 1,691,250</u></u> |

The accompanying notes are an integral part of this schedule.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal grant activity of the City of Sumter under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the City of Sumter, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Sumter.

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 contained 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.

Subrecipients

Of the federal expenditures presented in the schedule, the City of Sumter provided federal awards to subrecipients as follows:

| <u>CFDA Number</u> | <u>Program Name</u> | <u>Amount provided to subrecipient</u> |
|--------------------|-------------------------------------|--|
| 14.239 | HOME Investment Partnership Program | \$55,532 |

Indirect Cost Rate

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

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THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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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*

City Council
City of Sumter
21 North Main Street
Post Office Box 1449
Sumter, South Carolina 29151

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 Sumter, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019.

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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The Brittingham Group LLP

West Columbia, South Carolina
December 20, 2019

THE BRITTINGHAM GROUP, L.L.P.

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

City Council
City of Sumter
21 North Main Street
Post Office Box 1449
Sumter, SC 29151

Report on Compliance for Each Major Federal Program

We have audited the City of Sumter's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City's 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, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test

and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The Brittingham Group LLP

West Columbia, South Carolina
December 20, 2019

CITY OF SUMTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X None

Significant deficiency(ies) identified? ___ Yes X None

Noncompliance material to financial statements noted? ___ Yes X None

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ___ Yes X None

Significant deficiency(ies) identified not considered being material weakness(es) ___ Yes X None

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) ___ Yes X No

Identification of major programs

| CFDA Number | Program Name |
|-------------|-------------------------|
| 97.039 | Hazard Mitigation Grant |

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

Auditee qualified as a low-risk auditee? X Yes ___ No

Section II - Financial Statements

None.

Section III - Federal Awards Findings and Questioned Costs

No matters reported.

No prior year audit findings.

**CITY OF SUMTER, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2019**

There were no prior year audit findings.