

***CITY OF SUMTER,
SUMTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020***



Issued by:
City of Sumter
Finance Department

Mary E. (Beth) Reames, CGFO
Finance Director

Deron L. McCormick
City Manager

**CITY OF SUMTER, SOUTH CAROLINA
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December 17, 2020

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, 2020.

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 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, 2020, 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, 2020, 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 33 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.

COVID 19 Pandemic and the Local Economy

As a result of the ongoing pandemic we have seen some volatility in most local economic statistics over the second half of fiscal year 2020 (January 1 – June 30). As mentioned in the MD&A section of this report, the hospitality and accommodations fee revenues were down by \$220,738 (6%) for the year. We expect any other noticeable impacts from the pandemic to be realized after fiscal year 2020. With the promise of an approved vaccine on the horizon we do have reason to be cautiously optimistic about the local economic future. Moving forward, we will continue to pay close attention to the local environment and how it may impact the City in order to advise and assist Council in making any necessary adjustments to the City's future economic plans.

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. Moving forward the City plans to continue investing, and to seek new investment into the development of Sumter's downtown area.

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.

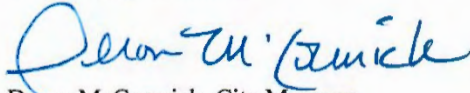
Initiatives include neighborhood and downtown redevelopment, various quality of life projects, and continued investment in water & sewer infrastructure, and other public infrastructure. In addition, the City will continue to support efforts to keep Shaw Air Force Base open as it remains to be a key factor in the overall progress of the local economy. 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 McCormick, City Manager



Beth Reames, CGFO, Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sumter
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

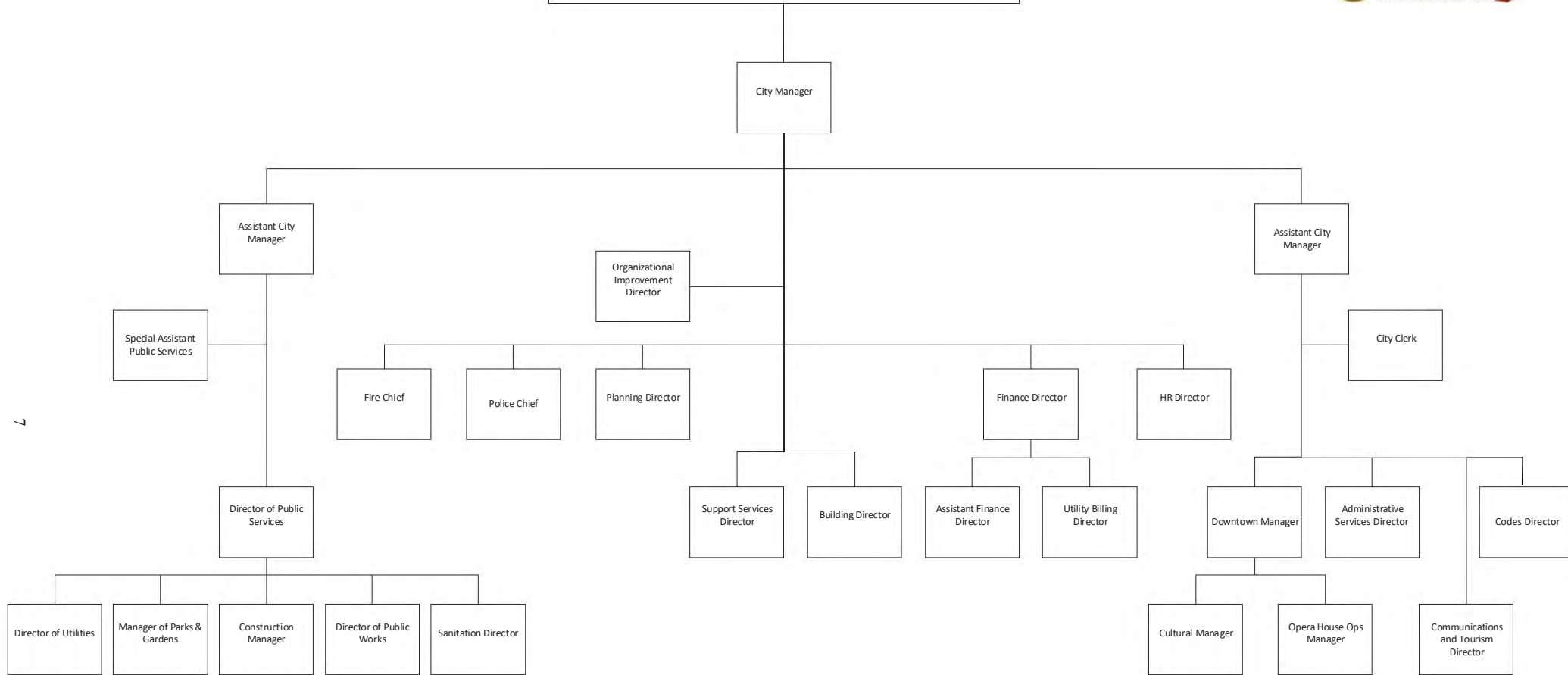
June 30, 2019

Christopher P. Morill

Executive Director/CEO

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The Mayor and City Council



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City of Sumter
Senior Staff

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City of Sumter

South Carolina
29151

OPERA HOUSE
P.O. BOX 1449

T: (803) 436-2500
F: (803) 436-2615

ELECTED AND APPOINTED OFFICIALS

Effective 11/30/2020

MAYOR

David P. Merchant

CITY COUNCIL

Thomas J. Lowery
Mayor Pro Tem, Ward 1

Calvin K. Hastie, Sr.
Ward 3

Colin C. Davis
Ward 5

James B. Blassingame
Ward 2

Steven H. Corley
Ward 4

Gifford M. Shaw
Ward 6

CITY MANAGER

Deron L. McCormick

ASST. CITY MANAGER

E. Al Harris

ASST. CITY MANAGER

Howard (Howie) J. Owens

ORGANIZATIONAL IMPROVEMENT DIRECTOR

Mark W. Partin

POLICE CHIEF

Russell F. Roark

FIRE CHIEF

C. Karl Ford

PLANNING DIRECTOR

Helen M. Roodman

CITY CLERK

Linda D. Hammett

FINANCE DIRECTOR

Mary E. (Beth) Reames

CODES DIRECTOR

John F. Macloskie

HUMAN RESOURCES DIRECTOR

Audrey M. Shirley

ASST. FINANCE DIRECTOR

Jonathan E. Flinchum

PUBLIC SERVICES DIRECTOR

Michael E. Geddings, Jr.

UTILITY BUSINESS DIRECTOR

Candi D. Quiroz

BUILDING DIRECTOR

Charles W. (Steve) Campbell

SUPPORT SERVICES DIRECTOR

Lefford L. Fate

ADMINISTRATIVE SERVICES DIRECTOR

Staci L. Johnson

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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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year 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 17–24, the Schedule of Employer's Proportionate Share of Net Pension Liability and Employer Contributions on pages 70-71 and Schedule of Changes in the Net OPEB Liability and Related Ratios and Employer Contributions on pages 73-74 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 17, 2020, 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 17, 2020

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**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

As management of the City of Sumter ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$103,743,173 (*net position*).
- The City's total net position decreased by \$1,369,621 during the current period, as a result of a decrease from governmental activities of \$722,887 and a decrease from business-type activities of \$646,734.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,648,162, a decrease of \$2,075,411 in comparison with the prior year. Approximately 72% of this total amount, \$14,115,674 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,666,602, or approximately 32% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$3,114,559 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The 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's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City'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 is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 government-wide financial statements distinguish functions of the City 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 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 include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 27-28 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 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 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 29-34 of this report.

Proprietary funds are used to account for activities which are primarily supported by fees and charges. The City 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 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 a major fund, and the non-major storm water utility fund.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City 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 in a custodial capacity for individuals, private organizations, and non-profit organizations.

The fiduciary fund financial statements can be found on pages 38-39 of this report.

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 41-67 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City'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 other post-employment benefits to its employees. Required supplementary information can be found on pages 70-75 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 77-91 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, assets and deferred outflows of resources exceeded liabilities and deferred outflows of resources by \$103,743,173 at the close of the most recent fiscal year.

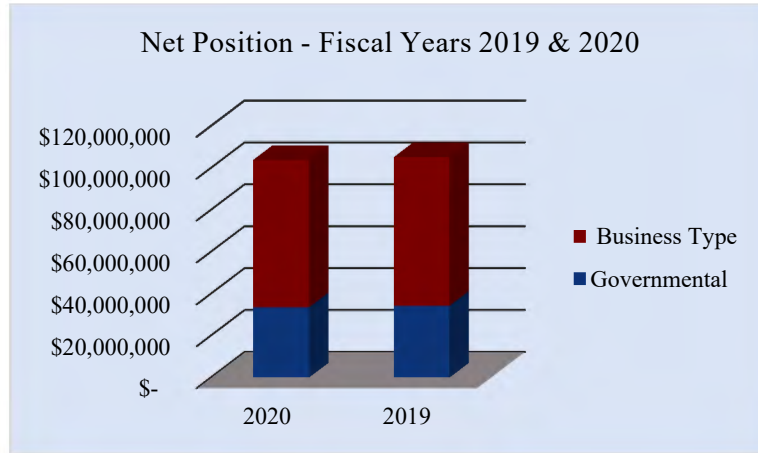
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 26,237,774	\$ 28,197,769	\$ 19,584,152	\$ 20,267,750	\$ 45,821,926	\$ 48,465,519
Capital assets	80,786,023	78,668,952	109,557,114	111,483,708	190,343,137	190,152,660
Total assets	107,023,797	106,866,721	129,141,266	131,751,458	236,165,063	238,618,179
Total deferred outflows of resources						
	6,699,713	7,540,127	3,336,089	3,481,343	10,035,802	11,021,470
Liabilities						
Noncurrent liabilities	72,587,265	73,856,600	1,722,891	62,185,825	74,310,156	136,042,425
Other liabilities	3,817,104	3,683,258	60,071,926	2,009,694	63,889,030	5,692,952
Total liabilities	76,404,369	77,539,858	61,794,817	64,195,519	138,199,186	141,735,377
Total deferred inflows of resources						
	3,909,832	2,734,794	348,674	56,684	4,258,506	2,791,478
Net position						
Net investment in capital assets	66,736,286	63,918,549	64,717,438	64,413,720	131,453,724	128,332,269
Restricted	713,234	1,602,553	1,424,185	1,407,022	2,137,419	3,009,575
Unrestricted	(34,040,211)	(31,388,906)	4,192,241	5,159,856	(29,847,970)	(26,229,050)
Total net position	\$ 33,409,309	\$ 34,132,196	\$ 70,333,864	\$ 70,980,598	\$ 103,743,173	\$ 105,112,794

By far the largest portion of the City's net position (127%) 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 uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City'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's net position (2%) 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, 2020 (CONTINUED)**



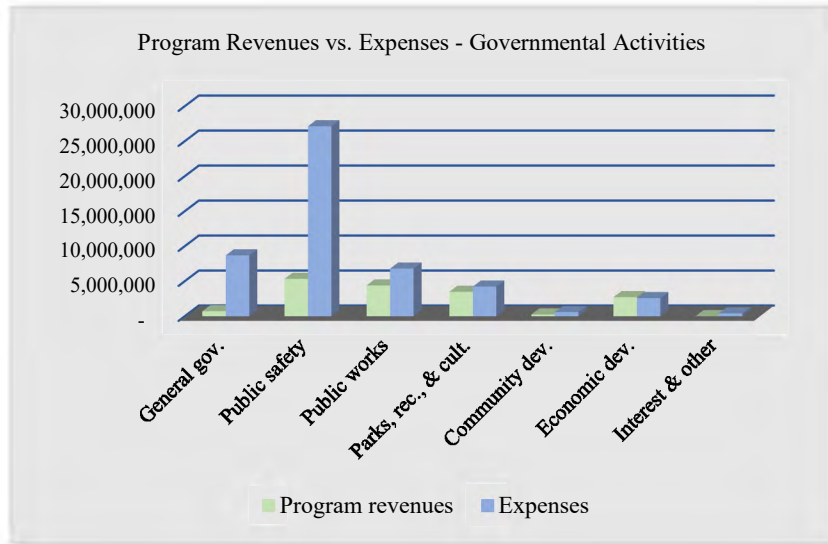
The City's overall net position decreased by \$1,369,621 from the prior fiscal year. The key components of this decrease are discussed in the following sections for governmental and business-type activities.

Governmental Activities: Governmental activities decreased the City's net position by \$722,887 from the prior fiscal year for an ending balance of \$33,409,309. There are several factors that contributed to this decrease, including an increase in the pension expense of \$422,819 and a decrease in hospitality and accommodations fee revenues of \$220,738.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 8,061,458	\$ 8,119,806	\$ 23,575,673	\$ 23,372,515	\$ 31,637,131	\$ 31,492,321
Operating grants and contributions	3,490,958	3,374,237	-	-	3,490,958	3,374,237
Capital grants and contributions	5,368,009	1,382,806	1,912,105	717,200	7,280,114	2,100,006
Total program revenues:	16,920,425	12,876,849	25,487,778	24,089,715	42,408,203	36,966,564
General Revenues:						
Property taxes	10,263,884	9,857,168	-	-	10,263,884	9,857,168
Sales taxes - local option	5,092,151	4,585,665	-	-	5,092,151	4,585,665
Sales taxes - local accommodations and hospitality	3,388,944	3,609,682	-	-	3,388,944	3,609,682
Business and franchise fees	10,649,959	11,550,918	-	-	10,649,959	11,550,918
State shared taxes	1,050,281	1,595,660	-	-	1,050,281	1,595,660
Other	444,479	820,036	239,900	485,294	684,379	1,305,330
Total general revenues	30,889,698	32,019,129	239,900	485,294	31,129,598	32,504,423
Total revenues	47,810,123	44,895,978	25,727,678	24,575,009	73,537,801	69,470,987
Expenses						
General government	8,700,701	7,568,694	-	-	8,700,701	7,568,694
Public safety	27,139,712	25,317,244	-	-	27,139,712	25,317,244
Public works	6,810,483	6,636,236	-	-	6,810,483	6,636,236
Parks, recreation and culture	4,238,718	4,592,630	-	-	4,238,718	4,592,630
Community development	590,211	678,566	-	-	590,211	678,566
Economic development	2,586,377	2,611,732	-	-	2,586,377	2,611,732
Interest and other charges	413,786	472,193	-	-	413,786	472,193
Water and sewer services	-	-	24,427,434	23,864,071	24,427,434	23,864,071
Total expenses	50,479,988	47,877,295	24,427,434	23,864,071	74,907,422	71,741,366
Increase (decrease) in net position before transfers	(2,669,865)	(2,981,317)	1,300,244	710,938	(1,369,621)	(2,270,379)
Transfers	1,946,978	1,923,203	(1,946,978)	(1,923,203)	-	-
Change in net position	(722,887)	(1,058,114)	(646,734)	(1,212,265)	(1,369,621)	(2,270,379)
Net position - beginning of year	34,132,196	35,190,310	70,980,598	72,192,863	105,112,794	107,383,173
Net position - end of year	\$ 33,409,309	\$ 34,132,196	\$ 70,333,864	\$ 70,980,598	\$ 103,743,173	\$ 105,112,794

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**



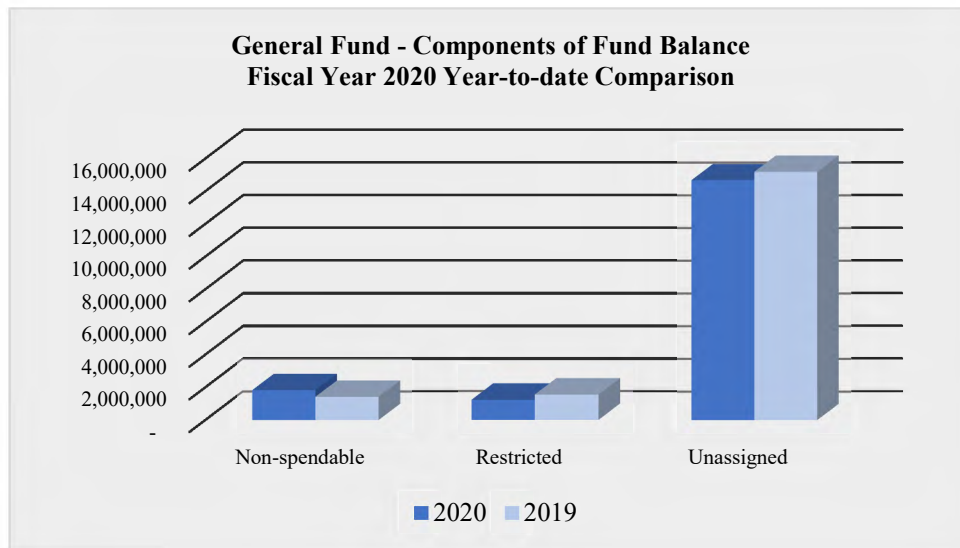
Business-Type Activities: Business-type activities decreased the City’s net position during the current year by \$646,734, a 0.9% decrease, for an ending balance of \$70,333,864. Total operating revenues increased by \$203,158 (0.9%) while total operating expenses increased by \$658,576 (3%).

Financial Analysis of the Government’s Funds

Governmental Funds. The focus of the City’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’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.

As of June 30, 2020, the City’s governmental funds reported combined fund balances of \$19,648,162, a decrease of \$2,075,411 in comparison with the prior year. Approximately 72% of this amount (\$14,115,674) 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 (\$1,822,278) or 2) restricted for specific purposes (\$3,710,210).

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,666,602 with a total fund balance of \$17,699,596. 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 32% of total general fund expenditures while total fund balance represents 39% of that same amount.

The fund balance of the City's general fund decreased by \$415,652 during the current fiscal year. The decrease is mostly in relation to fiscal year 2020 capital expenditures that were funded with appropriations from previous years and unspent proceeds from debt (general obligation bond & capital lease) which were reported as revenues in a prior year. The chart above is an illustration of this change in fund balance. Both restricted and unassigned fund balance decreased for fiscal year 2020.

Proprietary Funds. The City'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 \$4,192,241, a decrease of \$967,615 from the prior fiscal year. Total net position decreased by \$646,734.

General Fund Budgetary Highlights

Original budget compared to final budget. Revenues were \$5,163,547 (15%) greater compared to the final budget while expenditures were \$3,830,138 more than the final budget. The positive variance in revenues is related to appropriations from the state in the amount of \$3,480,000 and approximately \$300,000 in donations related to a capital project. Neither of these amounts were included in the City's budgeted revenues. In addition, franchise fees and business license revenue came in \$555,606 higher than expected. The negative variance in expenditures is mostly related to capital expenditures which were paid for with debt proceeds from a prior year and the use of current year over-budget revenues.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Capital Assets and Debt Administration

Capital assets. As reflected in the table below, the City's investment in capital assets for its governmental and business type activities as of June 30, 2020, was \$190,343,137 (net of accumulated depreciation).

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 13,779,192	\$ 12,864,988	\$ 1,417,254	\$ 1,435,097	\$ 15,196,446	\$ 14,300,085
Other non-depreciable	1,099,640	574,760	-	-	1,099,640	574,760
Buildings	39,708,433	41,624,009	2,822,890	2,917,706	42,531,323	44,541,715
Plants, machinery and equipment	9,673,599	10,437,685	48,185,534	52,883,567	57,859,133	63,321,252
Infrastructure	14,225,979	10,486,069	55,358,254	53,592,069	69,584,233	64,078,138
Construction in progress	2,299,180	2,681,441	1,773,182	655,269	4,072,362	3,336,710
Totals	\$ 80,786,023	\$ 78,668,952	\$ 109,557,114	\$ 111,483,708	\$ 190,343,137	\$ 190,152,660

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 \$2,424,486.
- Completion of various construction projects that include the Meeting House at Memorial Park, entrance at Swan Lake Iris Gardens (includes Seven Swans sculpture by Grainger McKoy), and a fiber-optic cable network. The total cost of all construction projects completed and placed into service for governmental activities during the year was \$5,228,324.
- Completion of various projects including well rehabilitations and storm water drain improvements in the amount of \$523,549, which were included in the City's construction in progress for business-type activities at the end of fiscal year 2019.
- Additional costs for ongoing construction in progress for various water, wastewater and storm water projects in the amount of \$1,641,462.
- Routine replacement of equipment and vehicles for water and sewer and storm water operations at a cost of \$514,484.

Additional information on the City's capital assets can be found in Note II. D on pages 50-52.

Long-term Debt. At the end of the current fiscal year, the City of Sumter had total debt outstanding of \$63,807,424. Of this amount, \$6,068,199 of general obligation debt is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises revenue bonds, capital leases, and notes payable.

Outstanding Debt. Bonds, Notes Payable and Capital Leases:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 6,068,199	\$ 6,797,426	\$ -	\$ -	\$ 6,068,199	\$ 6,797,426
Tax increment financing bonds	3,750,000	4,095,000	-	-	3,750,000	4,095,000
Revenue bonds	2,000,000	2,000,000	-	-	2,000,000	2,000,000
Notes payable	419,000	467,000	-	-	419,000	467,000
Capital lease obligations	4,809,514	4,918,671	46,650,000	239,620	51,459,514	5,158,291
Revenue bonds	-	-	110,711	48,847,455	110,711	48,847,455
Total	\$ 17,046,713	\$ 18,278,097	\$ 46,760,711	\$ 49,087,075	\$ 63,807,424	\$ 67,365,172

The City's total debt decreased by \$3,557,748 (5.2%) during the current fiscal year. The City entered into a capital lease agreement in the amount of \$1,216,000 to purchase certain capital equipment during the year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation of property. The current debt limitation for the City is \$11,226,400 which is in excess of the City'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 53-55.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Economic Factors and Next Year's Budgets and Rates

The City continues to invest and to seek investment into downtown development. In addition, various outside funding sources including state and capital penny funding, and private donations are helping to drive momentum on various capital projects around the City.

The fiscal year 2020-2021 budget was adopted with an appropriation of \$42,679,930 for the general fund (including TIF fund appropriations). There was no increase in the City's total millage rate for 2020-2021, which is currently 102 mills. The fiscal year 2021 budget MDA is the 14th in a row without a millage increase. While the City has benefited from a good economy in recent years, the potential negative impacts of a global health crisis such as the ongoing COVID 19 pandemic demand attention and recognition of any uncertainty in the projection of future revenues and available resources. With that said, management acknowledges the potential for revenue shortfalls in relation to property taxes, business licenses and franchise fees, and permits.

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, 2020

	Governmental Activities	Business	Total
		Type Activities	
Assets			
Cash and cash equivalents	\$ 14,058,031	\$ 2,934,402	\$ 16,992,433
Investments	1,155,241	10,902,568	12,057,809
Receivables, net of allowance for doubtful accounts	6,205,248	3,852,969	10,058,217
Inventories	301,994	-	301,994
Prepaid items	1,428	-	1,428
Property held for resale	1,518,856	325,874	1,844,730
Restricted cash and cash equivalents	2,996,976	1,424,185	4,421,161
Receivables, non-current portion	-	144,154	144,154
Capital assets, not being depreciated	17,178,012	3,190,436	20,368,448
Capital assets, depreciable, net of accumulated depreciation	63,608,011	106,366,678	169,974,689
Total Assets	107,023,797	129,141,266	236,165,063
Deferred Outflows of Resources			
Deferred loss on bond refunding	-	1,921,035	1,921,035
Deferred pension charges	5,925,697	1,221,551	7,147,248
Deferred other post employment benefits charges	774,016	193,503	967,519
Total Deferred Outflows of Resources	6,699,713	3,336,089	10,035,802
Liabilities			
Current liabilities:			
Accounts payable	1,892,685	953,653	2,846,338
Accrued interest payable	260,305	155,500	415,805
Accrued salaries and payroll withholdings	1,448,289	244,325	1,692,614
Court bonds and confiscated funds payable	182,911	-	182,911
Customer deposits	24,118	369,413	393,531
Unearned revenue	8,796	-	8,796
Noncurrent liabilities:			
Due within one year	4,061,623	2,466,732	6,528,355
Due in more than one year	18,122,260	45,074,469	63,196,729
Net pension liability	40,354,930	10,018,612	50,373,542
Net other post employment benefits liability	10,048,452	2,512,113	12,560,565
Total Liabilities	76,404,369	61,794,817	138,199,186
Deferred Inflows of Resources			
Unavailable revenue - local option sales tax	1,020,580	-	1,020,580
Unavailable revenue - grants and contributions	1,037,217	-	1,037,217
Deferred pension credits	664,381	51,760	716,141
Deferred other post employment benefits credits	1,187,654	296,914	1,484,568
Total Deferred Inflows of Resources	3,909,832	348,674	4,258,506
Net Position			
Net investment in capital assets	66,736,286	64,717,438	131,453,724
Restricted for:			
Debt service	-	1,424,185	1,424,185
Community development	288,471	-	288,471
Public safety and law enforcement	424,763	-	424,763
Unrestricted	(34,040,211)	4,192,241	(29,847,970)
Total Net Position	\$ 33,409,309	\$ 70,333,864	\$103,743,173

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

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	\$ 8,700,701	\$ 89,503	\$ 614,749	\$ -	\$ (7,996,449)	\$ -	\$ (7,996,449)
Public safety and law enforcement	27,139,712	4,395,400	946,489	-	(21,797,823)	-	(21,797,823)
Public works	6,810,483	3,173,461	1,232,903	-	(2,404,119)	-	(2,404,119)
Parks, recreation and culture	4,238,718	391,488	-	3,106,091	(741,139)	-	(741,139)
Community development	590,211	-	244,324	-	(345,887)	-	(345,887)
Economic development	2,586,377	11,606	452,493	2,261,918	139,640	-	139,640
Interest on long-term debt	413,786	-	-	-	(413,786)	-	(413,786)
Total governmental activities	50,479,988	8,061,458	3,490,958	5,368,009	(33,559,563)	-	(33,559,563)
Business-type activities:							
Water and sewer	24,667,715	23,575,673	-	1,912,105	-	820,063	820,063
Total business-type activities	24,667,715	23,575,673	-	1,912,105	-	820,063	820,063
Total	\$ 75,147,703	\$ 31,637,131	\$ 3,490,958	\$ 7,280,114	\$ (33,559,563)	\$ 820,063	\$ (32,739,500)
General revenues:							
Property taxes					\$ 10,263,884	\$ -	\$ 10,263,884
Sales taxes - local option					5,092,151	-	5,092,151
Sales taxes - local accommodations and hospitality					3,388,944	-	3,388,944
Franchise taxes and business licenses					10,649,959	-	10,649,959
Grants and contributions not restricted to specific programs					1,050,281	-	1,050,281
Gain (loss) on sale or disposition of capital assets					135,109	-	135,109
Unrestricted interest income					145,985	355,535	501,520
Other					163,385	124,646	288,031
Transfers					1,946,978	(1,946,978)	-
Total general revenues and transfers					32,836,676	(1,466,797)	31,369,879
Change in net position					(722,887)	(646,734)	(1,369,621)
Net position - beginning of year					34,132,196	70,980,598	105,112,794
Net position - end of year					\$ 33,409,309	\$ 70,333,864	\$ 103,743,173

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,560,629	\$ 1,497,402	\$ 14,058,031
Investments	1,155,241	-	1,155,241
Receivables, net of allowance for doubtful accounts	3,769,419	2,435,829	6,205,248
Due from other funds	2,185,017	-	2,185,017
Restricted cash and cash equivalents	1,210,716	1,786,260	2,996,976
Prepaid items	1,428	-	1,428
Inventories	301,994	-	301,994
Property held for resale	1,518,856	-	1,518,856
Total assets	\$ 22,703,300	\$ 5,719,491	\$ 28,422,791
Liabilities			
Liabilities:			
Accounts payable	\$ 1,612,438	\$ 280,247	\$ 1,892,685
Accrued salaries and payroll withholdings	1,411,567	36,722	1,448,289
Customer Deposits	16,568	7,550	24,118
Unearned Revenue	1,196	7,600	8,796
Escrow for seized funds and bonds	3,630	179,281	182,911
Due to other funds	-	2,185,017	2,185,017
Total liabilities	3,045,399	2,696,417	5,741,816
Deferred Inflows of Resources			
Unavailable revenue - property taxes	684,691	-	684,691
Unavailable revenue - local option sales tax	1,020,580	-	1,020,580
Unavailable revenue - notes and mortgages	203,926	82,799	286,725
Unavailable revenue - grants and contributions	49,108	991,709	1,040,817
Total deferred inflows of resources	1,958,305	1,074,508	3,032,813
Fund Balances:			
Nonspendable			
Prepaid items	1,428	-	1,428
Inventories	301,994	-	301,994
Property held for resale	1,518,856	-	1,518,856
Restricted			
Purchase of capital assets	1,210,716	1,786,260	2,996,976
Community development	-	288,471	288,471
Public safety and law enforcement	-	424,763	424,763
Unassigned	14,666,602	(550,928)	14,115,674
Total fund balances	17,699,596	1,948,566	19,648,162
Total liabilities, deferred inflows of resources and fund balances	\$ 22,703,300	\$ 5,719,491	\$ 28,422,791

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, 2020

Amounts reported for government activities in the statement of net position are different because:	
Total fund balance of governmental funds (page 29)	\$ 19,648,162
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	80,786,023
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	684,691
Mortgages/Contributions	290,325
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	(5,137,170)
Accrued interest	(260,305)
Bonds and leases payable	(17,046,713)
Net pension liability	(40,354,930)
Net other post employment benefits liability	(10,048,452)
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	5,925,697
Deferred other post employment benefits charges	774,016
Deferred pension credits	(664,381)
Deferred other post employment benefits credits	(1,187,654)
Net position of governmental activities (page 27)	<u>\$ 33,409,309</u>

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, 2020

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property and vehicle and fire fees	\$ 10,037,932	\$ -	\$ 10,037,932
Sales	5,092,151	3,388,944	8,481,095
Licenses, permits, and franchise fees	10,689,594	459,270	11,148,864
Intergovernmental revenue			
State and federal governments	4,500,281	2,194,509	6,694,790
Local governments	5,148,020	135,985	5,284,005
Charges for services			
Sanitation fees and container rentals	3,166,140	-	3,166,140
Other	402,419	-	402,419
Fines, fees, and forfeitures	218,633	24,462	243,095
Interest income and investment return	95,453	50,532	145,985
Other	465,225	654,244	1,119,469
Total revenues	<u>39,815,848</u>	<u>6,907,946</u>	<u>46,723,794</u>
Expenditures			
Current			
General government administration	7,593,180	170,429	7,763,609
Public safety and law enforcement	21,409,850	1,170,616	22,580,466
Public works	4,700,278	12,360	4,712,638
Parks, recreation and culture	2,891,939	436,451	3,328,390
Community development	-	294,684	294,684
Economic development	1,352,291	802,823	2,155,114
Debt Service			
Principal retirement-bond obligations	1,074,227	48,000	1,122,227
Principal retirement-capital lease obligations	1,325,158	-	1,325,158
Interest and fiscal charges	387,873	51,502	439,375
Capital Outlay			
General government administration	82,882	-	82,882
Public safety	1,805,541	46,850	1,852,391
Public works	563,510	-	563,510
Parks, recreation and culture	1,736,129	3,802,304	5,538,433
Economic development	215,485	371,283	586,768
Total expenditures	<u>45,138,343</u>	<u>7,207,302</u>	<u>52,345,645</u>
Excess (deficiency) of revenues over (under) expenditures	(5,322,495)	(299,356)	(5,621,851)
Other financing sources (uses)			
Transfers in	3,729,881	809,616	4,539,497
Transfers out	(418,500)	(2,174,019)	(2,592,519)
Sale of capital assets	379,462	4,000	383,462
Issuance of debt - capital lease	1,216,000	-	1,216,000
Total other financing sources	<u>4,906,843</u>	<u>(1,360,403)</u>	<u>3,546,440</u>
Net change in fund balances	(415,652)	(1,659,759)	(2,075,411)
Fund balances, beginning of year	18,115,248	3,608,325	21,723,573
Fund balances, end of year	<u>\$ 17,699,596</u>	<u>\$ 1,948,566</u>	<u>\$ 19,648,162</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, 2020

Amounts reported for governmental activities in the statement of activities (page 28) are different because:

Net change in fund balances -- total governmental funds (page 31) \$ (2,075,411)

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	8,666,484
Depreciation expense not recorded in funds	(7,021,004)
Loss on disposition of capital assets	(290,853)

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

Property taxes	225,952
Donated capital assets	762,443
Mortgages/Contributions	(37,174)

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	2,447,384
Issuance of long-term debt	(1,216,000)

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	25,589
Compensated absences	(373,176)

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 (2,120,941)

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 283,820

Change in net position of governmental activities (page 28) \$ (722,887)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over
	Original	Final		(Under)
REVENUES				
Taxes				
Property taxes	\$ 14,438,494	\$ 14,438,494	\$ 10,037,932	\$ (4,400,562)
Sales	-	-	5,092,151	5,092,151
Licenses, permits and franchise fees	10,031,217	10,031,217	10,689,594	658,377
Intergovernmental revenue				
State government	963,150	963,150	4,500,281	3,537,131
Local governments	4,919,363	4,919,363	5,148,020	228,657
Charges for services				
Sanitation fees and container rentals	3,196,900	3,196,900	3,166,140	(30,760)
Other	542,350	542,350	402,419	(139,931)
Fines, fees, and forfeitures	290,827	290,827	218,633	(72,194)
Interest income and investment return	120,000	120,000	95,453	(24,547)
Other	150,000	150,000	465,225	315,225
Total revenues	34,652,301	34,652,301	39,815,848	5,163,547
EXPENDITURES				
General government administration:				
Administration	2,587,373	1,920,460	2,655,467	735,007
City store	131,920	97,806	92,437	(5,369)
Planning	903,953	899,480	872,902	(26,578)
Business license department	294,637	294,637	296,046	1,409
Appropriations to other agencies	312,290	322,290	321,654	(636)
General insurance	632,500	632,500	832,379	199,879
Retiree insurance	880,000	880,000	880,000	-
Maintenance contracts	1,465,083	899,788	1,164,972	265,184
Miscellaneous	(1,606,958)	333,597	477,323	143,726
	5,600,798	6,280,558	7,593,180	1,312,622
Public Safety and Law Enforcement:				
Police	12,524,756	12,482,142	12,974,370	492,228
Fire	7,074,676	6,944,300	6,982,282	37,982
Building inspection	929,066	929,066	827,934	(101,132)
Codes enforcement	437,830	441,830	394,330	(47,500)
Municipal court	207,166	207,166	230,934	23,768
	21,173,494	21,004,504	21,409,850	405,346
Public Works:				
Construction	736,198	650,058	630,963	(19,095)
Public works	1,403,291	1,188,463	1,157,183	(31,280)
Buildings and grounds maintenance	30,000	32,264	23,787	(8,477)
Sanitation	2,860,336	2,829,451	2,778,919	(50,532)
Vehicle maintenance	140,151	103,909	109,426	5,517
	5,169,976	4,804,145	4,700,278	(103,867)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
Parks, recreation and culture				
Parks	1,178,259	1,130,651	1,167,824	37,173
Gardens	745,359	745,359	704,490	(40,869)
Tennis	539,726	539,726	524,792	(14,934)
Aquatics	380,201	380,201	300,406	(79,795)
Opera House	236,900	236,900	194,427	(42,473)
	3,080,445	3,032,837	2,891,939	(140,898)
Economic Development:				
Downtown revitalization programs	713,734	713,734	663,077	(50,657)
Liberty Center	33,000	33,000	29,713	(3,287)
Hope Centers	695,937	695,937	659,501	(36,436)
	1,442,671	1,442,671	1,352,291	(90,380)
Debt service				
Principal retirement-bond obligations	1,074,227	1,074,227	1,074,227	-
Principal retirement-capital lease obligations	1,190,158	1,190,158	1,325,158	135,000
Interest and fiscal charges	387,701	387,701	387,873	172
	2,652,086	2,652,086	2,787,258	135,172
Capital Outlay				
General government administration	75,000	75,000	82,882	7,882
Public safety	721,750	1,004,887	1,805,541	800,654
Public works	630,000	716,967	563,510	(153,457)
Parks, recreation and culture	-	180,896	1,736,129	1,555,233
Economic Development:	-	113,654	215,485	101,831
	1,426,750	2,091,404	4,403,547	2,312,143
Total expenditures	40,546,220	41,308,205	45,138,343	3,830,138
Excess (deficiency) of revenues over (under) expenditures	(5,893,919)	(6,655,904)	(5,322,495)	1,333,409
OTHER FINANCING SOURCES (USES)				
Transfers in	3,668,881	3,668,881	3,729,881	61,000
Transfer in from reserves	1,228,538	1,559,523	-	(1,559,523)
Transfers out	(68,500)	(68,500)	(418,500)	(350,000)
Sale of capital assets	280,000	280,000	379,462	99,462
Proceeds of capital leases	785,000	1,216,000	1,216,000	-
Total other financing sources (uses)	5,893,919	6,655,904	4,906,843	(1,749,061)
Net change in fund balances	-	-	(415,652)	(415,652)
Fund balances, beginning of year	18,115,248	18,115,248	18,115,248	-
Fund balances, end of year	\$ 18,115,248	\$ 18,115,248	\$ 17,699,596	\$ (415,652)

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2020

Assets	Enterprise Funds		
	Water and Sewer Fund	Non-major	
		Storm Water Utility Fund	Totals
Current assets:			
Cash and cash equivalents	\$ 1,247,249	\$ 1,687,153	\$ 2,934,402
Investments	10,902,568	-	10,902,568
Accounts receivable, net of allowance for uncollectibles	3,508,054	344,915	3,852,969
Total current assets	15,657,871	2,032,068	17,689,939
Non-current assets:			
Restricted cash and cash equivalents	1,424,185	-	1,424,185
Accounts receivable, net of allowance for uncollectibles	144,154	-	144,154
Property held for resale	325,874	-	325,874
Capital assets, not being depreciated	3,007,743	182,693	3,190,436
Capital assets, depreciable, net of accumulated depreciation	104,245,849	2,120,829	106,366,678
Total non-current assets	109,147,805	2,303,522	111,451,327
Total assets	124,805,676	4,335,590	129,141,266
Deferred Outflows of Resources			
Deferred loss on bond refunding	1,921,035	-	1,921,035
Deferred pension charges	1,200,757	20,794	1,221,551
Deferred other post employment benefits charges	193,503	-	193,503
Total deferred outflows of resources	3,315,295	20,794	3,336,089
Liabilities			
Current liabilities:			
Accrued interest payable	155,500	-	155,500
Accounts payable	924,502	29,151	953,653
Accrued payroll	239,593	4,732	244,325
Customer deposits	369,413	-	369,413
Compensated absences payable	207,113	3,619	210,732
Bonds and leases payable - current portion	2,256,000	-	2,256,000
Total current liabilities	4,152,121	37,502	4,189,623
Non-current liabilities:			
Compensated absences payable	559,973	9,785	569,758
Bonds and leases payable	44,504,711	-	44,504,711
Net pension liability	9,859,405	159,207	10,018,612
Net other employment benefits liability	2,512,113	-	2,512,113
Total non-current liabilities	57,436,202	168,992	57,605,194
Total liabilities	61,588,323	206,494	61,794,817
Deferred Inflows of Resources			
Deferred pension credits	54,410	(2,650)	51,760
Deferred other post employment benefits credits	296,914	-	296,914
Total deferred inflows of resources	351,324	(2,650)	348,674
Net Position			
Net investment in capital assets	62,413,916	2,303,522	64,717,438
Restricted for debt service	1,424,185	-	1,424,185
Unrestricted	2,343,223	1,849,018	4,192,241
Total net position	\$ 66,181,324	\$ 4,152,540	\$ 70,333,864

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, 2020

	Enterprise Funds		
	Water and Sewer Fund	Non-major Storm Water Utility Fund	Totals
Operating revenue			
Charges for services			
Water	\$ 10,315,559	\$ -	\$ 10,315,559
Sewer	10,676,913	-	10,676,913
Storm water	-	820,114	820,114
Other operating revenue	1,763,087	-	1,763,087
Total operating revenues	<u>22,755,559</u>	<u>820,114</u>	<u>23,575,673</u>
Operating expenses			
Salaries and wages	5,146,451	102,121	5,248,572
Employee benefits	2,743,111	49,691	2,792,802
Bad debts	192,273	5,879	198,152
Utilities	1,881,364	-	1,881,364
Purchased services	1,500,805	149,805	1,650,610
Materials and supplies	1,213,417	9,642	1,223,059
Other operating expense	3,274,130	4,116	3,278,246
Depreciation	5,826,233	201,831	6,028,064
Total operating expenses	<u>21,777,784</u>	<u>523,085</u>	<u>22,300,869</u>
Operating income	977,775	297,029	1,274,804
Non-operating revenues (expenses)			
Interest expense	(1,830,805)	-	(1,830,805)
Miscellaneous expense	-	(50,653)	(50,653)
Interest income and investment return	355,535	-	355,535
Gain (loss) on sale of capital assets	(240,281)	-	(240,281)
Economic Development	(245,107)	-	(245,107)
Miscellaneous revenue	124,646	-	124,646
Total non-operating revenues (expenses)	<u>(1,836,012)</u>	<u>(50,653)</u>	<u>(1,886,665)</u>
Income before contributions and transfers	(858,237)	246,376	(611,861)
Capital grants and contributions	1,424,714	487,391	1,912,105
Transfers out	(1,946,978)	-	(1,946,978)
Change in net position	<u>(1,380,501)</u>	<u>733,767</u>	<u>(646,734)</u>
Total net position, beginning of year	<u>67,561,825</u>	<u>3,418,773</u>	<u>70,980,598</u>
Total net position, end of year	<u>\$ 66,181,324</u>	<u>\$ 4,152,540</u>	<u>\$ 70,333,864</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, 2020

	Enterprise Funds		
	Water and Sewer Fund	Non-major Storm Water Utility Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 22,714,149	\$ 846,574	\$ 23,560,723
Payments to suppliers	(8,114,291)	(243,385)	(8,357,676)
Payments to employees	(7,317,944)	(137,425)	(7,455,369)
Net Cash Flows Provided by Operating Activities	<u>7,281,914</u>	<u>465,764</u>	<u>7,747,678</u>
Cash Flows from Non-capital Financing Activities			
Other non-operating revenue	124,646	-	124,646
Other non-operating expense	(245,107)	(50,653)	(295,760)
Transfer to other fund	(1,946,978)	-	(1,946,978)
Net Cash Flows Provided (Used) by Non-Capital Financing Activities	<u>(2,067,439)</u>	<u>(50,653)</u>	<u>(2,118,092)</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital grants	1,198,214	51,653	1,249,867
Proceeds from disposition of capital assets	127,591	-	127,591
Purchase and construction of capital assets	(3,733,462)	(69,941)	(3,803,403)
Principal paid on capital debt	(2,326,364)	-	(2,326,364)
Interest paid on capital debt	(1,742,145)	-	(1,742,145)
Net Cash Flows Used by Capital Financing Activities	<u>(6,476,166)</u>	<u>(18,288)</u>	<u>(6,494,454)</u>
Cash Flows from Investing Activities			
Interest on cash and cash equivalents	141,794	-	141,794
Net Cash Provided by Investing Activities	<u>141,794</u>	<u>-</u>	<u>141,794</u>
Increase (Decrease) in cash and cash equivalents	(1,119,897)	396,823	(723,074)
Cash and cash equivalents, beginning of year	3,791,331	1,290,330	5,081,661
Cash and cash equivalents, end of year	<u>\$ 2,671,434</u>	<u>\$ 1,687,153</u>	<u>\$ 4,358,587</u>
Reconciliation of net operating income to net cash provided (used) by operating activities:			
Operating income	\$ 977,775	\$ 297,029	\$ 1,274,804
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	5,826,233	201,831	6,028,064
Change in current assets and liabilities:			
Decrease in accounts receivable	138,225	32,339	170,564
Decrease in deferred outflows of resources	47,162	2,040	49,202
Increase in accrued absences	68,107	1,904	70,011
Increase in customer deposits	12,638	-	12,638
Increase (decrease) in accounts payable	(244,575)	(79,822)	(324,397)
Increase in accrued payroll	31,313	1,035	32,348
Increase (decrease) in net pension liability	430,236	9,068	439,304
Increase (decrease) in net OPEB liability	(296,850)	-	(296,850)
Increase (decrease) in deferred inflows of resources	291,650	340	291,990
Net cash provided (used) by operating activities	<u>\$ 7,281,914</u>	<u>\$ 465,764</u>	<u>\$ 7,747,678</u>
Noncash Capital and Related Financing Items			
Capital contributions	\$ 226,500	\$ 435,738	\$ 662,238
Deferred charge on refunding	(96,052)	-	(96,052)
Net Noncash Capital and Related Financing Items	<u>\$ 130,448</u>	<u>\$ 435,738</u>	<u>\$ 566,186</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, 2020

	Private Purpose Trusts	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 9,313	\$ 3,737,699
Receivables	-	130,976
Total assets	<u>9,313</u>	<u>3,868,675</u>
Liabilities		
Accounts payable	-	104,285
Due to customers	-	52,825
Due to other organization	-	3,711,565
Total liabilities	<u>-</u>	<u>3,868,675</u>
Net Position		
Held in trust for other purposes	<u>\$ 9,313</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended June 30, 2020

Additions	
Interest	\$ 97
Total additions	97
Deductions	
Distributions to beneficiaries	-
Total deductions	-
Change in net position	97
Net position, beginning of year	9,216
Net position, end of year	\$ 9,313

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, 2020

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.

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*. 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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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, 2020

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, 2020

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 Accommodations, 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 uncollectables. The property tax receivable allowance is equal to 68 percent of outstanding property taxes at June 30, 2020.

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)
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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 \$4,421,161.

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 acquisition 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 to 75
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, 2020, there was no capitalized interest incurred by the Water and Sewer Enterprise Fund. In the past, the City has not capitalized interest on capital 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, 2020

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, 2020

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 of the City Council. Formal action may be in the form of an ordinance or a resolution. Both actions are equally binding for purposes of committing fund balance. 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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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

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 III. 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, 2020, the carrying amount of the government’s bank deposits was \$7,698,605 and the respective bank balances totaled \$8,910,609. Of the total bank balances, \$864,502 represents unspent capital lease proceeds, the use of which is restricted to the purchase of certain capital assets. Another \$855,469 was insured through the Federal Depository Insurance Corporation (FDIC). Of the remaining balance \$7,107,641 was collateralized with securities held by financial institutions in the government’s name. Additional collateral was moved into the City’s name to cover the shortage of \$82,996 on July 1, 2020.

Investments

As of June 30, 2020, 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	\$ 13,501,354
Repurchase Certificates-Treasury and federal agency securities	Short-term	12,018,979
Federal Treasury Obligation Fund #398	Short-term	1,424,449
Fidelity Prime Fund Daily Money Class	1 to 180 days	582
		\$ 26,945,364

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 \$38,830.

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 OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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 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, 2020, 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	\$ 2,299,233	\$ -	\$ -	\$ 2,299,233
Sales and franchise	-	303,374	-	303,374
Intergovernmental	370,298	1,619,057	400,704	2,390,059
Accounts	2,462,455	-	2,576,464	5,038,919
Unbilled receivables	-	-	940,606	940,606
Loans and notes	203,926	513,398	45,000	762,324
Other	-	-	88,347	88,347
Non-current:				
Notes	-	-	144,154	144,154
Gross receivables	5,335,912	2,435,829	4,195,275	11,967,016
Less, allowance for uncollectibles	(1,566,493)	-	(198,152)	(1,764,645)
Net total receivables	\$ 3,769,419	\$ 2,435,829	\$ 3,997,123	\$ 10,202,371

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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 \$8,796 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, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 12,864,988	\$ 1,014,279	\$ 100,075	\$ -	\$ 13,779,192
Non-depreciable Assets	574,760	-	-	524,880	1,099,640
Construction in progress	2,681,441	4,978,889	132,826	(5,228,324)	2,299,180
Total capital assets not being depreciated	16,121,189	5,993,168	232,901	(4,703,444)	17,178,012
Capital assets being depreciated:					
Infrastructure	36,053,962	865,528	-	4,703,444	41,622,934
Buildings and improvements	58,804,575	79,469	-	-	58,884,044
Motor vehicles and outdoor equipment	27,394,397	2,424,486	3,418,246	-	26,400,637
Office equipment	6,546,318	66,276	-	-	6,612,594
Total capital assets being depreciated	128,799,252	3,435,759	3,418,246	4,703,444	133,520,209
Less accumulated depreciation for:					
Infrastructure	25,567,893	1,829,062	-	-	27,396,955
Buildings and improvements	17,180,566	1,995,045	-	-	19,175,611
Motor vehicles and outdoor equipment	18,608,685	2,600,407	3,360,295	-	17,848,797
Office equipment	4,894,345	596,490	-	-	5,490,835
Total accumulated depreciation	66,251,489	7,021,004	3,360,295	-	69,912,198
Total capital assets being depreciated, net	62,547,763	(3,585,245)	57,951	4,703,444	63,608,011
Governmental activities capital assets, net	\$ 78,668,952	\$ 2,407,923	\$ 290,852	\$ -	\$ 80,786,023

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,435,097	\$ 2,157	\$ 20,000	\$ -	\$ 1,417,254
Construction in progress	655,269	1,641,462	-	(523,549)	1,773,182
Total capital assets not being depreciated	<u>2,090,366</u>	<u>1,643,619</u>	<u>20,000</u>	<u>(523,549)</u>	<u>3,190,436</u>
Capital assets being depreciated:					
Buildings	3,389,082	6,493	-	-	3,395,575
Plants and improvements	91,802,406	514,359	557,052	(4,960,246)	86,799,467
Distribution and collection system	70,804,714	1,786,686	400,188	184,335	72,375,547
Wells and tanks	6,449,456	-	-	5,264,324	11,713,780
Machinery and equipment	14,564,539	514,484	676,868	35,569	14,437,724
Total capital assets being depreciated	<u>187,010,197</u>	<u>2,822,022</u>	<u>1,634,108</u>	<u>523,982</u>	<u>188,722,093</u>
Less accumulated depreciation for:					
Buildings	471,376	\$101,306	-	3	572,685
Plants and improvements	41,183,571	\$2,168,342	393,862	(1,494,807)	41,463,244
Distribution and collection system	19,520,876	\$2,179,701	218,770	(614,267)	20,867,540
Wells and tanks	4,141,225	\$415,376	437	3,307,369	7,863,533
Machinery and equipment	12,299,807	\$1,163,339	676,868	(1,197,865)	11,588,413
Total accumulated depreciation	<u>77,616,855</u>	<u>6,028,064</u>	<u>1,289,937</u>	<u>433</u>	<u>82,355,415</u>
Total capital assets being depreciated, net	<u>109,393,342</u>	<u>(3,206,042)</u>	<u>344,171</u>	<u>523,549</u>	<u>106,366,678</u>
Business-type activities capital assets, net	<u>\$ 111,483,708</u>	<u>\$ (1,562,423)</u>	<u>\$ 364,171</u>	<u>\$ -</u>	<u>\$ 109,557,114</u>

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

Governmental activities:	
General government	\$ 638,731
Public safety	2,979,284
Public works	1,929,815
Parks, recreation and culture	799,296
Community development	298,948
Economic development	374,930
Total depreciation expense - governmental activities	<u>\$ 7,021,004</u>
Business-type activities:	
Water and sewer services	\$ 5,826,233
Storm water services	201,831
Total depreciation expense - business-type activities	<u>\$ 6,028,064</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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	\$ 1,699,317	\$ 8,767,894	\$ 7,068,577
Aquatics Center Expansion	344,923	1,500,000	1,155,077
Opera House Renovations	85,023	404,600	319,577
Greir St. Extension	44,008	117,575	73,567
Liberty Center Interior Renovations	7,737	902,337	894,600
Shot Pouch Greenway	3,240	3,240	-
Church at Liberty St. Master Plan	13,880	15,000	1,120
Stadium Rd. Station Renovation-Architectural	3,800	6,000	2,200
Heath Pavilion Renovations	26,017	50,000	23,983
Bland House Renovations	3,177	35,000	31,823
Shaw/Sumter Farm PH II-Planning/Design	68,058	70,000	1,942
<i>Total Governmental</i>	<u>\$ 2,299,180</u>	<u>\$ 11,871,646</u>	<u>\$ 9,572,466</u>
<i>Business-type Activities</i>			
New Well #4 Waterplant #5	\$ 266,607	\$ 1,107,702	\$ 841,095
Mayesville Sewer Connection to City	1,219,017	2,188,836	969,819
Sumter Crosswell Storm Drain	182,693	185,700	3,007
WWTP Liquid Lime System	71,351	150,000	78,649
Grier St. Site Planning/Drainage Evaluation	33,514	50,000	16,486
<i>Total Business-type Activities</i>	<u>\$ 1,773,182</u>	<u>\$ 3,682,238</u>	<u>\$ 1,909,056</u>
	<u>\$ 4,072,362</u>	<u>\$ 15,553,884</u>	<u>\$ 11,481,522</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, 2020.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

E. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2020, 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	\$ 6,797,426	\$ -	\$ 729,227	\$ 6,068,199	\$ 748,866
Tax increment financing bonds	4,095,000	-	345,000	3,750,000	350,000
Revenue bonds	2,000,000	-	-	2,000,000	263,000
Notes payable	467,000	-	48,000	419,000	51,000
Capital leases	4,918,671	1,216,000	1,325,157	4,809,514	1,261,720
Compensated absences	4,763,992	2,210,413	1,837,235	5,137,170	1,387,037
Governmental activity long-term liabilities	<u>\$ 23,042,089</u>	<u>\$ 3,426,413</u>	<u>\$ 4,284,619</u>	<u>\$ 22,183,883</u>	<u>\$ 4,061,623</u>
Business-type activities:					
Revenue bonds	\$ 48,847,455	\$ -	\$ 2,197,455	\$ 46,650,000	\$ 2,190,000
Capital leases	239,620	-	128,909	110,711	66,000
Compensated absences	710,479	371,894	301,883	780,490	210,732
Business-type activity long-term liabilities	<u>\$ 49,797,554</u>	<u>\$ 371,894</u>	<u>\$ 2,628,247</u>	<u>\$ 47,541,201</u>	<u>\$ 2,466,732</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	217,162
\$1,500,000 Series 2012, payable in annual installments of \$165,006 including interest at 2.07%, maturing September 2021	320,037
\$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>5,531,000</u>
Total General Obligation Bonds	<u>\$ 6,068,199</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:

**CITY OF SUMTER, SOUTH CAROLINA
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\$4,500,000 Series 2016, payable in annual installments varying from \$270,790 to \$428,538 including interest at 2.04%, maturing July 2029 \$ 3,750,000

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 \$ 2,000,000

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:

\$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 \$ 46,650,000

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 \$ 419,000

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
2021	\$ 1,361,862	\$ 67,588	\$ 1,429,450
2022	1,155,349	45,042	1,200,391
2023	1,065,511		1,065,511
2024	721,853	-	721,853
2025	341,593	-	341,593
Thereafter	448,985	-	448,985
Total minimum lease payments	5,095,153	112,630	5,207,783
Less: amount representing interest	(285,639)	(1,919)	(287,558)
Present value of minimum lease payments	<u>\$ 4,809,514</u>	<u>\$ 110,711</u>	<u>\$ 4,920,225</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

The assets acquired through capital leases are as follows:

	Governmental	Business-type	Totals
	Activities	Activities	
Asset:			
Motor vehicles and outdoor equipment	\$ 10,773,758	379,308	\$ 11,153,066
Less: accumulated depreciation	(5,632,669)	(227,585)	(5,860,254)
Total	<u>\$ 5,141,089</u>	<u>\$ 151,723</u>	<u>\$ 5,292,812</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		
	Principal	Interest	Total	Principal	Interest	Totals
Governmental Activities						
2021	\$ 1,412,866	\$ 314,097	\$ 1,726,963	\$ 1,261,720	\$ 100,142	\$ 3,088,825
2022	1,447,333	278,236	1,725,569	1,082,935	72,414	2,880,918
2023	1,206,000	241,472	1,447,472	1,018,485	47,026	2,512,983
2024	1,238,000	209,743	1,447,743	696,581	25,272	2,169,596
2025	1,269,000	177,105	1,446,105	326,872	14,721	1,787,698
2026-2030	5,664,000	411,458	6,075,458	422,921	26,064	6,524,443
Total	<u>\$ 12,237,199</u>	<u>\$ 1,632,111</u>	<u>\$ 13,869,310</u>	<u>\$ 4,809,514</u>	<u>\$ 285,639</u>	<u>\$ 18,964,463</u>
Business-Type Activities						
2021	\$ 2,190,000	\$ 1,687,025	\$ 3,877,025	\$ 66,000	\$ 1,588	\$ 3,944,613
2022	2,240,000	1,631,650	3,871,650	44,711	331	3,916,692
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	2,490,000	1,383,388	3,873,388	-	-	3,873,388
2026-2030	13,795,000	5,577,761	19,372,761	-	-	19,372,761
2031-2035	11,945,000	3,205,640	15,150,640	-	-	15,150,640
2036-2040	7,510,000	1,323,250	8,833,250	-	-	8,833,250
2041-2045	1,735,000	34,700	1,769,700	-	-	1,769,700
Total	<u>\$ 46,650,000</u>	<u>\$ 17,842,758</u>	<u>\$ 64,492,758</u>	<u>\$ 110,711</u>	<u>\$ 1,919</u>	<u>\$ 64,605,388</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, 2020, were:

Receivable Fund	Payable Fund	Amount
General Fund	Federal/State Grants Fund	\$ 1,165,222
General Fund	HUD Section 8 Loans Fund	139,748
General Fund	Community Development Block Grant Fund	14,264
General Fund	State Accommodations Tax Fund	865,783
		<u>\$ 2,185,017</u>

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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, 2020, consisted of the following:

	Transfers In:				
Transfers Out:	General Fund	Nonmajor Governmental Fund	Water and Sewer Enterprise	Nonmajor Enterprise Fund	Totals
Nonmajor governmental funds	\$ 1,782,903	\$ 809,616	\$ -	\$ -	\$ 2,592,519
Water and sewer enterprise fund	1,946,978	-	-	-	1,946,978
	\$ 3,729,881	\$ 809,616	\$ -	\$ -	\$ 4,539,497

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.

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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, 2020**

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 over a 10 year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Required employee contribution rates for fiscal year 2020 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 2020 are as follows:

SCRS	
Employee Class Two	15.41 % of earnable compensation
Employee Class Three	15.41 % of earnable compensation
Employer Incidental Death Benefit	0.15 % of earnable compensation
PORS	
Employee Class Two	17.84 % of earnable compensation
Employee Class Three	17.84 % of earnable compensation
Employer Incidental Death Benefit	0.20 % of earnable compensation
Employer Accidental Death Program	0.20 % of earnable compensation

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June 30, 2020

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, 2019, 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	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.7%

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, 2020, the City reported a liability of \$31,504,210 for the SCRS and \$18,869,332 for the PORS for a total of \$50,373,542 for its proportionate share of the NPL. The NPL was measured as of June 30, 2019, 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, 2019, the City's proportion was 0.137970% for the SCRS, which is an increase of .003151% from its proportion measured as of June 30, 2018. At June 30, 2019 the City's portion was .658399% for the PORS, which is a decrease of .010349% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized a pension expense of \$2,675,541. At June 30, 2020, 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		
	SCRS	PORS	Total	SCRS	PORS	Total
Differences between expected and actual experience	\$ 21,656	\$ 387,993	\$ 409,649	\$ 226,321	\$ 139,457	\$ 365,778
Change in assumptions	634,855	748,264	1,383,119	-	-	-
Net difference between projected and actual earnings on pension plan investments	278,917	239,250	518,167	-	-	-
Changes in proportionate share and difference between City contributions and proportionate share of contributions	640,034	105,156	745,190	-	350,363	350,363
City contributions subsequent to measurement date	2,314,876	1,776,247	4,091,123	-	-	-
Total	\$ 3,890,338	\$ 3,256,910	\$ 7,147,248	\$ 226,321	\$ 489,820	\$ 716,141

The amount of \$4,091,123 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, 2021. 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.

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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>
2020	\$ 1,011,601	\$ 809,069	\$ 1,820,670
2021	(111,546)	158,381	46,835
2022	182,035	6,732	188,767
2023	267,051	16,661	283,712
	\$ 1,349,141	\$ 990,843	\$ 2,339,984

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, 2019, 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, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

	<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 annually	lesser of 1% or \$500 annually

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, 2019, 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%

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Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon the 20 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 2019 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITS)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Return	<u>100.0%</u>		<u>5.41%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u><u>7.66%</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.

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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.

		Current Discount		
	1.00% Decrease	Rate	1.00 % Increase	
	(6.25%)	(7.25%)	(8.25%)	
System				
SCRS	\$ 39,688,712	\$ 31,504,210	\$ 24,673,769	
PORS	\$ 25,572,419	\$ 18,869,332	\$ 13,377,811	

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

Some city employees may participate in additional, 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, 2019, the most recent measurement date for the Plan, there were 708 covered participants; 137 members were retirees receiving benefits and 571 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.

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June 30, 2020

Funding Policy

The City establishes its contribution requirement annually during budget preparation, prior to the start of the fiscal year 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 \$12,560,565 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Methods

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00%-7.00%
PORS	3.50%-9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	4.10%
Measurement Date	2.74%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75% by 2023
Mortality Assumptions	RP-2014 Mortality Table for Employees with a 95% multiplier
Coverage Elections	
20 or More Years of Service	100%
Less than 20 Years of Service	20%

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	94.0%
Equity Funds	0.0%
Cash and Cash Equivalents	<u>6.0%</u>
Total	<u><u>100.0%</u></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 December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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 current 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	\$14,708,511	\$12,560,565	\$10,710,933

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:

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$10,387,589	\$12,560,565	\$15,159,531

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, December 31, 2018. An expected total OPEB liability is determined as of December 31, 2019 using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of December 31, 2018, 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, 2019, is shown in the following table:

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
	<hr/>		
Balance as of December 31, 2018	\$ 18,998,961	\$ 4,954,146	\$ 14,044,815
Changes for the year:			
Service Cost at the end of the year*	380,848	-	380,848
Interest on TOL and Cash Flows	884,640	-	884,640
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,624,133)	-	(1,624,133)
Changes of assumptions or other inputs	370,779.00	-	370,779
Contributions - employer	-	1,226,353	(1,226,353)
Contributions - non-employer	-	-	-
Net investment income	-	270,031	(270,031)
Benefit payments and implicit subsidy credit	(758,717)	(758,717)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	<u>\$ (746,583)</u>	<u>\$ 737,667</u>	<u>\$ (1,484,250)</u>
Balance as of December 31, 2019	<u>\$ 18,252,378</u>	<u>\$ 5,691,813</u>	<u>\$ 12,560,565</u>

For the year ended June 30, 2020, the City recognized OPEB expense of \$871,284. As of June 30, 2020 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
	<hr/>	
Differences between expected and actual experience	\$ -	\$ 1,484,568
Changes of assumptions or other inputs	318,261	-
Net difference between projected and actual earnings on plan investments	116,645	-
City Contributions subsequent to the measurement date	532,613	-
Total	<u>\$ 967,519</u>	<u>\$ 1,484,568</u>

The amount of \$532,613 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, 2021. The remaining deferred outflows/inflows of resources will be recognized as a component of OPEB expense as follows:

<u>Measurement Period Ended</u>	<u>Total</u>
December 31	
2020	\$ (147,904)
2021	(147,902)
2022	(164,757)
2023	(198,732)
2024	(193,006)
Thereafter	<u>(197,361)</u>
	<u>\$ (1,049,662)</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

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. 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 June 15, 2021 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 fiduciary net position in the basic financial statements for activities meeting certain criteria. This statement takes effect for periods beginning after December 15, 2019 and will 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 17, 2020, the date the financial statements were available for issue. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) was discovered in Wuhan, China and has since spread throughout other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. While the future effects of this pandemic are unknown, the potential exists for a decline in revenue from property taxes, business licenses, and permits as a result of the economic conditions caused by COVID-19.

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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, 2020**

Schedule of Employer's Proportionate Share of Net Pension Liability

	2020		2019		2018		2017		2016		2015	
	<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	0.137970%	0.658399%	0.134819%	0.668748%	0.134521%	0.680620%	0.132601%	0.669610%	0.130615%	0.66206%	0.128281%	0.63586%
Proportionate Share of the Net Pension Liability	\$ 31,504,210	\$ 25,572,419	\$ 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
Covered Payroll (A)	14,569,229	9,549,815	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
Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll	216.24%	267.78%	216.22%	204.71%	223.00%	203.59%	220.70%	198.79%	202.27%	175.93%	187.52%	154.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.4%	62.7%	54.1%	61.7%	53.3%	60.9%	52.90%	60.40%	57.00%	64.60%	59.90%	67.50%
	2014											
	<u>SCRS</u>	<u>PORS</u>										
Proportion of the Net Pension Liability	0.128281%	0.63586%										
Proportionate Share of the Net Pension Liability	\$ 23,009,035	\$ 13,181,162										
Covered Payroll (A)	10,956,667	7,398,493										
Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll	210.00%	178.16%										
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**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, 2020**

Schedule of Employer Contributions to SCRS

Fiscal Year	Contributions in Relation to			Contributions as a % of	
	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%
2020	2,337,237	2,337,237	-	15,020,802	15.56%

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

Schedule of Employer Contributions to PORS

Fiscal Year	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution ¹	Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll	Covered Payroll
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%
2020	1,815,939	1,815,939	-	9,955,807	18.24%

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, 2020

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, 2020

<u>Year Ending December 31 (measurement date)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost at end of year	\$ 380,848	\$ 368,593	\$ 356,731
Interest on the Total OPEB Liability	884,640	865,344	842,497
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,624,133)	(102,309)	(24,237)
Changes of assumptions or other inputs	370,779	-	-
Benefit payments*	(758,717)	(692,835)	(695,119)
Net change in Total OPEB Liability	(746,583)	438,793	479,872
Total OPEB Liability -beginning	18,998,961	18,560,168	18,080,296
Total OPEB Liability -ending (a)	\$ 18,252,378	\$ 18,998,961	\$ 18,560,168
Plan Fiduciary Net Position			
Contributions - employer**	\$ 1,226,353	\$ 1,181,239	\$ 1,185,811
Net investment income	270,031	51,452	109,139
Benefit payments*	(758,717)	(692,835)	(695,119)
Administrative expense	-	(7,612)	(13,883)
Net change in Plan Fiduciary Net Position	737,667	532,244	585,948
Plan Fiduciary Net Position - beginning	4,954,146	4,421,902	3,835,954
Plan Fiduciary Net Position - ending (b)	5,691,813	4,954,146	4,421,902
Net OPEB Liability - ending (a) - (b)	\$ 12,560,565	\$ 14,044,815	\$ 14,138,266
Plan Fiduciary Net Position as a percentage of total OPEB Liability	31.18%	26.08%	23.82%
Covered Payroll*	\$ 22,852,931	\$ 20,932,094	\$ 20,932,094
Net OPEB Liability as a percentage of covered payroll	54.96%	67.10%	67.54%

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

* Benefit payments are net of participant contributions and include a payment of \$121,300 for the implicit subsidy.
Benefit payments include \$637,417 paid outside the Trust.

** Employer contribution includes \$637,417 paid outside of the Trust and \$121,300 due to the implicit subsidy.

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO OPEB
For the Year Ended June 30, 2020

<u>Year Ending December 31 (measurement date)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 1,178,029	\$ 1,180,765	\$ 1,113,512
Contributions in relation to the ADEC	1,226,353	1,181,239	1,185,811
Annual contribution deficiency (excess)	\$ (48,324)	\$ (474)	\$ (72,299)
Covered payroll*	\$ 22,852,931	\$ 20,932,094	\$ 20,932,094
Actual contributions as a percentage of covered payroll	5.37%	5.64%	5.67%

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

*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, 2020

Change of Benefit Terms:

December 31, 2019 (Valuation Date: December 31, 2018)

- None

Changes to Assumptions or other inputs:

December 31, 2019 (Valuation Date: December 31, 2018)

- Changes in medical trend

OTHER SUPPLEMENTARY INFORMATION

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020

	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	\$ 266,889	\$ -	\$ 45,762	\$ 40,181	\$ -	\$ -	\$ 123,407	\$ 18,354	\$ 140,136
Receivables, net of allowance for doubtful accounts	73,079	430,600	9,719	-	1,362,199	33,412	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 339,968</u>	<u>\$ 430,600</u>	<u>\$ 55,481</u>	<u>\$ 40,181</u>	<u>\$ 1,362,199</u>	<u>\$ 33,412</u>	<u>\$ 123,407</u>	<u>\$ 18,354</u>	<u>\$ 140,136</u>
LIABILITIES									
Liabilities									
Accounts payable	\$ -	\$ 47,965	\$ 234	\$ -	\$ 98,938	\$ 8,290	\$ 23	\$ -	\$ 10,329
Accrued compensation and benefits	-	-	-	-	769	3,201	-	-	-
Customer deposits	-	-	-	-	-	-	7,550	-	-
Due to other funds	-	139,748	-	-	1,165,222	14,264	-	-	-
Unearned revenue	-	-	-	-	-	7,600	-	-	-
Escrow for seized funds and deposits	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>187,713</u>	<u>234</u>	<u>-</u>	<u>1,264,929</u>	<u>33,355</u>	<u>7,573</u>	<u>-</u>	<u>10,329</u>
DEFERRED INFLOWS OF RESOURCES	<u>73,079</u>	<u>-</u>	<u>9,719</u>	<u>-</u>	<u>991,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted	266,889	242,887	45,528	40,181	(894,440)	57	115,834	18,354	129,807
Total fund balances	<u>266,889</u>	<u>242,887</u>	<u>45,528</u>	<u>40,181</u>	<u>(894,440)</u>	<u>57</u>	<u>115,834</u>	<u>18,354</u>	<u>129,807</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 339,968</u>	<u>\$ 430,600</u>	<u>\$ 55,481</u>	<u>\$ 40,181</u>	<u>\$ 1,362,199</u>	<u>\$ 33,412</u>	<u>\$ 123,407</u>	<u>\$ 18,354</u>	<u>\$ 140,136</u>

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020

	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	\$ 246,273	\$ -	\$ 37,986	\$ 117,145	\$ 12,547	\$ 448,325	\$ 397	\$ 1,497,402
Receivables, net of allowance for doubtful accounts	259,236	164,145	40,273	-	-	63,166	-	2,435,829
Restricted cash and cash equivalents	1,786,260	-	-	-	-	-	-	1,786,260
Total assets	<u>\$ 2,291,769</u>	<u>\$ 164,145</u>	<u>\$ 78,259</u>	<u>\$ 117,145</u>	<u>\$ 12,547</u>	<u>\$ 511,491</u>	<u>\$ 397</u>	<u>\$ 5,719,491</u>
LIABILITIES								
Liabilities								
Accounts payable	\$ 63,365	\$ 18,977	\$ 780	\$ 152	\$ 25	\$ 30,943	\$ 226	\$ 280,247
Accrued compensation and benefits	-	26,562	-	-	3,365	2,825	-	36,722
Customer deposits	-	-	-	-	-	-	-	7,550
Due to other funds	-	865,783	-	-	-	-	-	2,185,017
Unearned revenue	-	-	-	-	-	-	-	7,600
Escrow for seized funds and deposits	-	-	-	179,281	-	-	-	179,281
Total liabilities	<u>63,365</u>	<u>911,322</u>	<u>780</u>	<u>179,433</u>	<u>3,390</u>	<u>33,768</u>	<u>226</u>	<u>2,696,417</u>
DEFERRED INFLOWS OF RESOURCES								
	-	-	-	-	-	-	-	1,074,508
FUND BALANCES								
Restricted	2,228,404	(747,177)	77,479	(62,288)	9,157	477,723	171	1,948,566
Total fund balances	<u>2,228,404</u>	<u>(747,177)</u>	<u>77,479</u>	<u>(62,288)</u>	<u>9,157</u>	<u>477,723</u>	<u>171</u>	<u>1,948,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,291,769</u>	<u>\$ 164,145</u>	<u>\$ 78,259</u>	<u>\$ 117,145</u>	<u>\$ 12,547</u>	<u>\$ 511,491</u>	<u>\$ 397</u>	<u>\$ 5,719,491</u>

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, 2020

Page 1 of 2

	USDA Rural Business Fund	HUD Section 108 Fund	CDBG Home 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	-	-	-	-	-	-	-	-	41,890
Intergovernmental revenue	-	-	250	-	1,404,060	244,324	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest income	1,244	13,865	-	-	-	-	32	-	-
Rent and miscellaneous	34,018	-	5,967	-	-	-	8,794	7,085	-
Total revenues	35,262	13,865	6,217	-	1,404,060	244,324	8,826	7,085	41,890
EXPENDITURES									
Current									
General government administration	-	-	-	-	170,429	-	-	-	-
Public safety	-	-	-	-	232,734	-	-	-	-
Public works	-	-	-	-	12,360	-	-	-	-
Parks, recreation and culture	-	-	-	-	10,936	-	-	-	4,056
Community development	50,000	-	360	-	-	244,324	-	-	-
Economic development	-	-	1,728	-	-	-	12,694	4,417	6,000
Debt service									
Bond principal	-	48,000	-	-	-	-	-	-	-
Interest and fiscal charges	-	9,798	-	-	-	-	-	-	-
Capital outlay									
Public safety	-	-	-	-	39,689	-	-	-	-
Parks, recreation and culture	-	-	-	-	705,781	-	-	-	26,017
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	50,000	57,798	2,088	-	1,171,929	244,324	12,694	4,417	36,073
Excess (deficiency) of revenues over (under) expenditures	(14,738)	(43,933)	4,129	-	232,131	-	(3,868)	2,668	5,817
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(6,500)	-	-
Sale of Capital Assets	-	-	-	-	4,000	-	-	-	-
Total other financing sources (uses)	-	-	-	-	4,000	-	(6,500)	-	-
Net change in fund balances	(14,738)	(43,933)	4,129	-	236,131	-	(10,368)	2,668	5,817
Fund balances, beginning of year	281,627	286,820	41,399	40,181	(1,130,571)	57	126,202	15,686	123,990
Fund balances, end of year	\$ 266,889	\$ 242,887	\$ 45,528	\$ 40,181	\$ (894,440)	\$ 57	\$ 115,834	\$ 18,354	\$ 129,807

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, 2020

	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	\$ 2,842,689	\$ -	\$ 546,255	\$ -	\$ -	\$ -	\$ -	\$ 3,388,944
Licenses, permits and fees	-	-	-	-	-	417,380	-	459,270
Intergovernmental revenue	-	408,610	-	-	135,985	-	137,265	2,330,494
Fines and forfeitures	-	-	-	52	24,410	-	-	24,462
Interest income	35,391	-	-	-	-	-	-	50,532
Rent and miscellaneous	596,332	2,048	-	-	-	-	-	654,244
Total revenues	3,474,412	410,658	546,255	52	160,395	417,380	137,265	6,907,946
EXPENDITURES								
Current								
General government administration	-	-	-	-	-	-	-	170,429
Public safety	5,078	-	-	10,184	69,893	714,336	138,391	1,170,616
Public works	-	-	-	-	-	-	-	12,360
Parks, recreation and culture	349,141	72,318	-	-	-	-	-	436,451
Community development	-	-	-	-	-	-	-	294,684
Economic development	92,234	663,105	22,645	-	-	-	-	802,823
Debt service								
Bond principal	-	-	-	-	-	-	-	48,000
Interest and fiscal charges	41,704	-	-	-	-	-	-	51,502
Capital outlay								
Public safety	-	-	-	-	-	7,161	-	46,850
Parks, recreation and culture	2,126,056	-	944,450	-	-	-	-	3,802,304
Economic development	371,283	-	-	-	-	-	-	371,283
Total expenditures	2,985,496	735,423	967,095	10,184	69,893	721,497	138,391	7,207,302
Excess (deficiency) of revenues over (under) expenditures	488,916	(324,765)	(420,840)	(10,132)	90,502	(304,117)	(1,126)	(299,356)
OTHER FINANCING SOURCES (USES)								
Transfers in	669,616	140,000	-	-	-	-	-	809,616
Transfers out	(1,739,395)	-	(428,124)	-	-	-	-	(2,174,019)
Sale of Capital Assets	-	-	-	-	-	-	-	4,000
Total other financing sources (uses)	(1,069,779)	140,000	(428,124)	-	-	-	-	(1,360,403)
Net change in fund balances	(580,863)	(184,765)	(848,964)	(10,132)	90,502	(304,117)	(1,126)	(1,659,759)
Fund balances, beginning of year	2,809,267	(562,412)	926,443	(52,156)	(81,345)	781,840	1,297	3,608,325
Fund balances, end of year	\$ 2,228,404	\$ (747,177)	\$ 77,479	\$ (62,288)	\$ 9,157	\$ 477,723	\$ 171	\$ 1,948,566

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Hospitality fees	\$ 2,700,000	\$ 2,700,000	\$ 2,842,689	\$ 142,689
Grants and contributions	-	-	596,332	596,332
Interest income	-	-	35,391	35,391
Total revenues	<u>2,700,000</u>	<u>2,700,000</u>	<u>3,474,412</u>	<u>774,412</u>
EXPENDITURES				
Quality of life projects	1,238,517	2,048,517	2,943,792	895,275
Debt Service	41,704	41,704	41,704	-
Total expenditures	<u>1,280,221</u>	<u>2,090,221</u>	<u>2,985,496</u>	<u>895,275</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	669,616	669,616
Transfers out	(1,419,779)	(1,419,779)	(1,739,395)	(319,616)
Appropriation from fund balance		810,000	-	(810,000)
Total other financing sources	<u>(1,419,779)</u>	<u>(609,779)</u>	<u>(1,069,779)</u>	<u>(460,000)</u>
Net change in fund balance	-	-	(580,863)	(580,863)
Fund balance, beginning of year	2,809,267	2,809,267	2,809,267	
Fund balance, end of year	<u>\$ 2,809,267</u>	<u>\$ 2,809,267</u>	<u>\$ 2,228,404</u>	<u>\$ (580,863)</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Over (Under)
REVENUES				
Accommodations fees	\$ 575,000	\$ 575,000	\$ 546,255	\$ (28,745)
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>546,255</u>	<u>(28,745)</u>
EXPENDITURES				
Quality of life projects	146,876	1,051,876	967,095	(84,781)
Total expenditures	<u>146,876</u>	<u>1,051,876</u>	<u>967,095</u>	<u>(84,781)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(428,124)	(428,124)	(428,124)	-
Appropriation from fund balance	-	905,000	-	(905,000)
Total other financing sources	<u>(428,124)</u>	<u>476,876</u>	<u>(428,124)</u>	<u>(905,000)</u>
Net change in fund balance	-	-	(848,964)	(848,964)
Fund balance, beginning of year	926,443	926,443	926,443	
Fund balance, end of year	<u>\$ 926,443</u>	<u>\$ 926,443</u>	<u>\$ 77,479</u>	<u>\$ (848,964)</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Over (Under)
REVENUES				
Victims services	\$ 30,000	\$ 30,000	\$ 24,410	\$ (5,590)
Intergovernmental - local governments	-	-	135,985	135,985
Total revenues	30,000	30,000	160,395	130,395
EXPENDITURES				
Public safety	76,027	76,027	69,893	(6,134)
Total expenditures	76,027	76,027	69,893	(6,134)
OTHER FINANCING SOURCES				
Appropriation from fund balance	46,027	46,027	-	(46,027)
Total other financing sources	46,027	46,027	-	(46,027)
Net change in fund balance	-	-	90,502	90,502
Fund balance, beginning of year	(81,345)	(81,345)	(81,345)	
Fund balance, end of year	\$ (81,345)	\$ (81,345)	\$ 9,157	\$ 90,502

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Over (Under)
Revenue				
Water revenue	\$ 10,539,000	\$ 10,539,000	\$ 10,315,559	\$ (223,441)
Sewer revenue	10,670,600	10,670,600	10,676,913	6,313
Other operating revenue	1,488,200	1,488,200	1,763,087	274,887
Grants	-	-	-	-
Capital grants and contributions	-	-	1,424,714	1,424,714
Interest income and investment return	330,000	330,000	355,535	25,535
Gain (loss) on sale of capital assets	-	-	(240,281)	(240,281)
Miscellaneous	104,000	104,000	124,646	20,646
Appropriation from net position	898,945	2,648,945	-	(2,648,945)
	24,030,745	25,780,745	24,420,173	(1,360,572)
Expenses				
Salaries and benefits	5,047,820	5,047,820	5,146,451	98,631
Bad debts	-	-	192,273	192,273
Utilities	2,302,450	2,302,450	1,881,364	(421,086)
Purchased services	1,719,194	1,719,194	1,500,805	(218,389)
Materials and supplies	1,339,304	1,339,304	1,213,417	(125,887)
Other operating expense	4,929,296	6,679,296	3,274,130	(3,405,166)
Employee benefits	2,634,532	2,634,532	2,743,111	108,579
Depreciation	1,365,932	1,365,932	5,826,233	4,460,301
Interest expense	1,742,977	1,742,977	1,830,805	87,828
Economic development	202,262	202,262	245,107	42,845
Transfers	1,946,978	1,946,978	1,946,978	-
Capital reserve	800,000	800,000	-	(800,000)
Capital expenditures	-	-	3,803,403	3,803,403
	24,030,745	25,780,745	29,604,077	3,823,332
Operating Income	\$ -	\$ -	(5,183,904)	\$ (5,183,904)
Reconciliation to change in net position:				
Capital expenditures			3,803,403	
Change in net position			<u>\$ (1,380,501)</u>	

CITY OF SUMTER, SOUTH CAROLINA
WATER AND SEWER FUND – DEBT COVERAGE RATIO – REQUIRED BY LENDER
For the Year Ended June 30, 2020

Operating revenue	\$	22,755,559
Operating expenses exclusive of depreciation		<u>(15,951,551)</u>
Net revenue available for debt service		<u>\$ 6,804,008</u>
Debt service requirement		
Principal	\$	2,197,455
Interest		<u>1,739,054</u>
Total	\$	<u>3,936,509</u>
Revenue bond coverage for the year ended June 30, 2020		<u>1.73</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, 2020

	Nell O'Donnell Fund	George Reardon Fund	Ella Tuomey Fund	Emergency Responders Trust Fund	Total
Assets					
Cash and cash equivalents	\$ 3,423	\$ 517	\$ 1,491	\$ 3,882	\$ 9,313
Total assets	3,423	517	1,491	3,882	9,313
Liabilities					
	-	-	-	-	-
Net position held in trust for other purposes	\$ 3,423	\$ 517	\$ 1,491	\$ 3,882	\$ 9,313

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE
TRUST FUNDS
For the Year Ended June 30, 2020

	Nell O'Donnell Fund	George Reardon Fund	Ella Tuomey Fund	Emergency Responders Trust Fund	Total
ADDITIONS					
Interest	\$ 94	\$ -	\$ -	\$ 3	\$ 97
Total additions	94	-	-	3	97
DEDUCTIONS					
Distributions to beneficiaries	-	-	-	-	-
Total deductions	-	-	-	-	-
Change in net position	94	-	-	3	97
Net position, beginning of year	3,329	517	1,491	3,879	9,216
Net position, end of year	\$ 3,423	\$ 517	\$ 1,491	\$ 3,882	\$ 9,313

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, 2020

1 of 2

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CHDO Fund				
Assets				
Cash and cash equivalents	\$ 2,304,388	\$ 3,449,217	\$ (3,308,693)	\$ 2,444,912
Receivables	-	2,772	(2,772)	-
	<u>\$ 2,304,388</u>	<u>\$ 3,451,989</u>	<u>\$ (3,311,465)</u>	<u>\$ 2,444,912</u>
Liabilities				
Accounts payable	\$ 15,113	\$ 230,559	\$ (245,672)	-
Due to other organization	2,289,275	3,221,430	(3,065,793)	2,444,912
	<u>\$ 2,304,388</u>	<u>\$ 3,451,989</u>	<u>\$ (3,311,465)</u>	<u>\$ 2,444,912</u>
Sumter Green Fund				
Assets				
Cash and cash equivalents	\$ 237,182	\$ 61,601	\$ (92,143)	\$ 206,640
Accounts receivable	1,000	62,706	(62,601)	1,105
	<u>\$ 238,182</u>	<u>\$ 124,307</u>	<u>\$ (154,744)</u>	<u>\$ 207,745</u>
Liabilities				
Accounts payable	\$ 76	\$ 92,634	\$ (92,644)	\$ 66
Unearned revenue	500	-	(500)	-
Due to other organization	237,606	31,673	(61,600)	207,679
	<u>\$ 238,182</u>	<u>\$ 124,307</u>	<u>\$ (154,744)</u>	<u>\$ 207,745</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	\$ 299,190	\$ 250,000	\$ (4,168)	\$ 545,022
	<u>\$ 299,190</u>	<u>\$ 250,000</u>	<u>\$ (4,168)</u>	<u>\$ 545,022</u>
Liabilities				
Accounts payable	\$ 329	\$ 59,236	\$ (4,168)	\$ 55,397
Due to other organization	298,861	190,764	-	489,625
	<u>\$ 299,190</u>	<u>\$ 250,000</u>	<u>\$ (4,168)</u>	<u>\$ 545,022</u>
Dalzell Water District Fund				
Assets				
Cash and cash equivalents	\$ 684,793	\$ 883,804	\$ (1,094,249)	\$ 474,348
Receivables	140,134	733,775	(790,544)	83,365
	<u>\$ 824,927</u>	<u>\$ 1,617,579</u>	<u>\$ (1,884,793)</u>	<u>\$ 557,713</u>
Liabilities				
Accounts payable	\$ 106,778	\$ 407,781	\$ (497,299)	\$ 17,260
Due to customers	39,975	9,225	(9,525)	39,675
Due to other organization	678,174	1,200,573	(1,377,969)	500,778
	<u>\$ 824,927</u>	<u>\$ 1,617,579</u>	<u>\$ (1,884,793)</u>	<u>\$ 557,713</u>

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
(CONTINUED)
For the Year Ended June 30, 2020

2 of 2

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Oswego Water District Fund				
Assets				
Cash and cash equivalents	\$ 86,025	\$ 560,097	\$ (579,671)	\$ 66,451
Receivables	48,840	528,055	(530,389)	46,506
	<u>\$ 134,865</u>	<u>\$ 1,088,152</u>	<u>\$ (1,110,060)</u>	<u>\$ 112,957</u>
Liabilities				
Accounts payable	\$ 55,187	\$ 364,258	\$ (387,883)	\$ 31,562
Due to customers	9,150	6,500	(2,500)	13,150
Due to other organization	70,528	717,394	(719,677)	68,245
	<u>\$ 134,865</u>	<u>\$ 1,088,152</u>	<u>\$ (1,110,060)</u>	<u>\$ 112,957</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 3,611,904	\$ 5,204,719	\$ (5,078,924)	\$ 3,737,699
Receivables	189,974	1,327,308	(1,386,306)	130,976
	<u>\$ 3,801,878</u>	<u>\$ 6,532,027</u>	<u>\$ (6,465,230)</u>	<u>\$ 3,868,675</u>
Liabilities				
Accounts payable	\$ 177,483	\$ 1,154,468	\$ (1,227,666)	\$ 104,285
Unearned revenue	500	-	(500)	-
Due to customers	49,125	15,725	(12,025)	52,825
Due to other organization	3,574,770	5,361,834	(5,225,039)	3,711,565
	<u>\$ 3,801,878</u>	<u>\$ 6,532,027</u>	<u>\$ (6,465,230)</u>	<u>\$ 3,868,675</u>

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CITY OF SUMTER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2020

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			347,022	347,022
Court fines and assessments remitted to State Treasurer			198,192	198,192
Total Court Fines and Assessments retained			148,830	148,830
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			7,429	7,429
Assessments retained			16,980	16,980
Total Surcharges and Assessments retained for victim services			24,409	24,409

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	(81,344)		(81,344)
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	16,980		16,980
Victim Service Surcharges Retained by City/County Treasurer	7,429		7,429
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund	135,985		135,985
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	79,050		79,050

CITY OF SUMTER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 20 20 (Continued)

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	65,890		65,890
Operating Expenditures	4,003		4,003
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	69,893		69,893
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	9,157		9,157
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	9,157		9,157

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.	96-100
Revenue Capacity These schedules contain information to help the reader assess the City's most significant governmental fund revenue source, the property tax.	101-104
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.	105-109
Demographic and Economic Information These schedules are presented to help the reader understand the environment within which the City's financial activities take place.	110-111
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.	112-114

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

Table 1

	2011	2012	2013	2014*	2015*	2016*	2017	2018*	2019*	2020
Governmental activities										
Net investment in capital assets	\$ 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	\$ 66,736,286
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	713,234
Unrestricted	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)	(34,040,211)
Total governmental activities net position	\$ 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	\$ 33,409,309
Business-type activities										
Net investment in capital assets	\$ 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	\$ 64,717,438
Restricted	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	1,424,185
Unrestricted	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	4,192,241
Total business-type activities net position	\$ 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	\$ 70,333,864
Primary government totals										
Net investment in capital assets	\$ 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	\$ 131,453,724
Restricted	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	2,137,419
Unrestricted	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)	(29,847,970)
Total primary government net position	\$ 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	\$ 103,743,173

* 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

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 5,212,449	\$ 5,227,490	\$ 5,560,774	\$ 5,506,479	\$ 5,473,334	\$ 6,451,137	\$ 6,914,238	\$ 6,878,117	\$ 7,568,694	\$ 8,700,701
Public safety	16,839,226	17,112,887	17,689,569	18,726,272	18,447,133	20,279,524	22,661,191	24,276,099	25,317,244	27,139,712
Public works	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	6,810,483
Parks, recreation and culture	3,135,364	3,356,330	3,268,065	3,655,740	4,128,482	4,060,104	4,498,693	4,910,697	4,592,630	4,238,718
Community development	625,752	503,184	449,666	518,788	381,600	372,307	542,944	568,986	678,566	590,211
Economic development	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	2,586,377
Interest on long-term debt	259,918	290,181	284,930	215,380	175,056	164,617	212,333	241,549	472,193	413,786
Total governmental activities expenses	33,181,166	33,661,671	34,618,608	36,667,547	35,982,495	39,496,809	43,284,996	45,580,053	47,877,295	50,479,988
Business-type activities:										
Water and sewer services	16,262,505	17,238,843	16,954,386	17,606,238	17,659,418	20,412,516	22,951,594	23,184,832	23,864,071	24,667,715
Total business-type activities expenses	16,262,505	17,238,843	16,954,386	17,606,238	17,659,418	20,412,516	22,951,594	23,184,832	23,864,071	24,667,715
Total primary government expenses	\$ 49,443,671	\$ 50,900,514	\$ 51,572,994	\$ 54,273,785	\$ 53,641,913	\$ 59,909,325	\$ 66,236,590	\$ 68,764,885	\$ 71,741,366	\$ 75,147,703
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 428,026	\$ 61,124	\$ 61,811	\$ 62,235	\$ 59,224	\$ 65,661	\$ 78,871	\$ 85,586	\$ 92,360	\$ 89,503
Public safety and courts	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	4,395,400
Public works	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	3,173,461
Parks, recreation and culture	356,821	383,008	388,646	418,939	435,833	443,058	477,921	576,368	612,271	391,488
Economic development	79,876	101,234	68,137	93,257	68,010	57,850	-	39,047	153,127	11,606
Operating grants and contributions	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	3,490,958
Capital grants and contributions	195,696	657,135	268,999	2,372,060	1,207,142	9,064,025	6,909,606	9,520,114	1,382,806	5,368,009
Total governmental activities program revenues	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	16,920,425
Business-type activities:										
Charges for services - water and sewer	20,256,196	20,348,381	20,815,639	21,034,775	21,634,744	22,576,678	22,827,222	23,166,411	23,372,515	23,575,673
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	1,912,105
Total business-type activities program revenues	20,322,090	22,068,172	22,944,455	22,567,499	23,620,146	29,303,832	23,481,288	23,923,581	24,152,122	25,487,778
Total primary government activities program revenues	\$ 28,874,344	\$ 31,385,285	\$ 32,232,506	\$ 34,924,783	\$ 34,823,177	\$ 48,144,438	\$ 41,445,754	\$ 43,820,952	\$ 37,028,521	\$ 42,408,203

Continued

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

Table 2
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expenses)/revenues										
Governmental activities	\$ (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)	\$ (33,559,563)
Business-type activities	4,059,585	4,829,329	5,990,069	4,961,261	5,960,728	8,891,316	529,694	738,749	225,644	820,063
Total primary government net expenses	\$ (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)	\$ (32,739,500)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 10,263,884
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	5,092,151
Local accommodations taxes	404,464	408,652	444,237	427,160	433,245	574,494	554,749	575,888	646,968	546,255
Local hospitality taxes	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	2,842,689
Franchise taxes	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	10,649,959
State shared taxes	898,041	778,770	972,987	957,975	951,401	933,862	1,025,715	999,263	1,595,660	1,050,281
Interest and other	153,630	(539,782)	238,191	211,001	154,366	631,365	284,611	330,675	745,914	309,370
Gain (loss) on sale of property	(138,690)	26,894	51,776	72,799	136,148	192,318	190,850	138,163	74,123	135,109
Special item-loss on transfer of airport to Sumter County	(2,837,197)	-	-	-	-	-	-	-	-	-
Transfers	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	1,946,978
Total governmental activities	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	32,836,676
Business-type activities										
Interest and other	112,125	87,740	(291,766)	406,467	503,229	1,765,981	337,245	259,884	485,294	480,181
Transfers	(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)	(1,946,978)
Total business-type activities	(989,315)	(952,327)	(1,470,483)	(1,151,490)	(837,370)	386,438	(1,193,410)	(1,421,821)	(1,437,909)	(1,466,797)
Total primary government	\$ 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	\$ 31,369,879
Changes in net position										
Governmental activities	\$ (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)	\$ (722,887)
Business-type activities	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)	(646,734)
Total primary government	\$ 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)	\$ (1,369,621)

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

Table 3

	2011	2012	2013	2014*	2015	2016	2017	2018*	2019	2020
General fund										
Nonspendable	1,752,049	1,044,752	859,921	922,501	937,635	871,998	1,121,067	1,340,885	1,415,889	1,822,278
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	1,210,716
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	14,666,602
Total general fund	\$ 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	\$ 17,699,596
All other governmental funds										
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	2,499,494
Unassigned	(11,792)	(5,819)	-	-	-	-	-	-	-	(550,928)
Total all other governmental funds	\$ 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	\$ 1,948,566
Total fund balances, governmental funds	\$ 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	\$ 19,648,162

*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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	\$ 18,519,027
Licenses and permits	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	11,148,864
Intergovernmental	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	11,978,795
Charges for services	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	3,568,559
Fines and forfeits	325,729	407,739	419,500	394,440	444,010	520,929	426,563	338,920	405,754	243,095
Interest earned and investment return	122,145	(559,174)	(21,483)	78,181	27,559	141,184	115,168	120,629	163,862	145,985
Other	124,916	160,771	106,547	141,669	103,196	503,657	172,038	363,287	1,057,146	1,119,469
Total revenues	\$ 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	\$ 46,723,794
Expenditures										
General government	\$ 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	\$ 7,763,609
Public safety	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	22,580,466
Public works	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	4,712,638
Parks and gardens	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	2,060,170
Culture and recreation	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	1,268,220
Community development	488,111	365,543	310,025	377,225	289,640	203,418	389,652	255,773	371,838	294,684
Economic development	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	2,155,114
Capital outlay	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	8,623,984
Debt service										
Principal	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	2,447,385
Interest and other charges	338,156	317,180	265,934	238,459	184,848	172,802	154,941	223,344	312,106	439,375
Total expenditures	\$ 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	\$ 52,345,645
Excess of revenue over (under) expenditures	\$ (524,735)	\$ (3,543,837)	\$ (242,722)	\$ (2,158,794)	\$ (311,368)	\$ 70,232	\$ (4,588,628)	\$ (15,471,784)	\$ (6,031,436)	\$ (5,621,851)
Other financing sources (uses)										
General obligation bonds	\$ -	\$ 4,234,000	\$ -	\$ -	\$ -	\$ -	\$ 4,495,000	\$ 6,000,000	\$ 2,000,000	\$ -
Capital leases issued	750,000	990,000	733,000	733,000	1,295,000	1,450,000	2,128,816	1,407,000	1,896,000	1,216,000
Sale of property	61,403	43,800	267,444	204,306	145,544	220,752	358,510	251,981	667,429	383,462
Note payable	-	-	-	-	-	-	-	-	-	-
Transfers in	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	4,539,497
Transfers out	(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)	(2,592,519)
Total other financing sources (uses)	\$ 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	\$ 3,546,440
Net change in fund balances	\$ 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	\$ (2,075,411)
Debt service as a percentage of										
Non-capital expenditures	7.09%	8.71%	6.02%	7.92%	5.60%	5.61%	5.27%	6.11%	6.62%	6.60%

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	Table 5 Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total	Motor Vehicles	Other	Total					Actual Value
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%
2020	110,050	1,310	111,360	14,440	14,530	28,970	-	140,330	102	2,890,570	4.85%

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
	Overlapping Rates		City	Overlapping Rates		County	Overlapping Rates		School	
	Operating Millage	Service Millage		Debt	Total		Debt	Total		
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
2020	97.00	5.00	102.00	98.20	15.00	113.20	160.10	60.00	220.10	435.30

(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 2020			Fiscal Year 2011*		
	2019 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$ 1,680	1	1.20%	\$ 1,610	1	1.33%
SRC Piedmont Plantation Apt.	1,380	2	0.98%	790	5	0.65%
Ashton Mill of Sumter, LLC	900	4	0.64%	880	3	0.73%
FTC Diversified Services, LLC	650	10	0.46%	664	2	0.55%
SCE&G	940	3	0.67%	733	6	0.60%
Formed Fiber 789	750	5	0.53%	750	7	0.62%
Select-Wesmark Plaza	680	8	0.48%	400	10	0.33%
Safe Federal Credit Union	740	6	0.53%	509	9	0.42%
Scott H. Lee	690	7	0.49%	660	8	0.54%
Sumter Mall	670	9	0.48%	832	4	0.69%
Totals	<u>\$ 9,080</u>		<u>6.47%</u>	<u>\$ 7,828</u>		<u>6.45%</u>

Source: Sumter County Auditor

Total assessed for tax year 2020: 140,335,270

Total assessed for tax year 2011: 121,345,650

*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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (1) (2)	Percentage of Levy (1)		Amount	Percentage of Levy
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%
2020	2019	9,179	8,534	93.0%	570	9,104	99.2%

(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				
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	2,000,000	4,095,000	467,000	4,918,671	48,847,455	-	239,620	67,365,172	4.21%	39,656 *	1,699
2020	6,068,199	2,000,000	3,750,000	419,000	4,809,514	46,650,000	-	110,711	63,807,424	4.06%	39,964	1,597

(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		
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
2020	6,068,199	-	6,068,199	0.21%	152

(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, 2020
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	\$ 5,215,000 (1)	35% (4)	\$ 1,825,250
Sumter County General Obligation	35,450,000 (2)	35% (4)	<u>12,407,500</u>
Subtotal , overlapping debt			<u>14,232,750</u>
City direct debt	6,068,199 (3)	100% (3)	<u>6,068,199</u>
Total direct and overlapping debt			<u><u>\$ 20,300,949</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 11,226,822
Total net debt applicable to limit	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	6,068,199
Legal debt margin	\$ 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	\$ 5,158,623
Total net debt applicable to the limit as a percentage of debt limit	27.65%	45.75%	38.22%	31.42%	25.17%	20.61%	16.28%	66.79%	61.34%	54.05%

Calculation of legal debt margin for fiscal year 2020:

Total assessed value	\$ 140,335,270
Debt limit (8% of total assessed value)	11,226,822
Less, total general obligation bonds outstanding	<u>(6,068,199)</u>
Legal debt margin	<u>\$ 5,158,623</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	
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
2020	22,755,559	15,951,551	6,804,008	2,197,455	1,739,054	3,936,509	1.73

(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)
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 (3)	39,462 (3)	1,564,905,072	16,387	3.7%
2020 *	39,964 (1)	39,329 (1)	1,571,744,156	15,788	8.7% **

(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

** Increase due to COVID-19.

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

Table 15

Employer	2020			2011		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Shaw Air Force Base (1)	9,447	1	23.81%	7,400	1	19.03%
Sumter County School District (3)	2,448	2	6.17%			
Sumter School District #17				1,375	4	3.54%
Sumter School District #2				1,233	5	3.17%
Palmetto Health Tuomey (4)	1,658	3	4.18%	1,788	3	4.60%
Continental Tire the Americas (2)	1,355	4	3.42%			
Pilgrim's Inc. (2)	1,074	5	2.71%	2,108	2	5.42%
State of South Carolina (5)	918	7	2.31%	1,060	6	2.73%
BD Diagnostics, Preanalytical Solutions	987	6	2.49%	770	8	1.98%
Sykes, Inc. (Data Center) (2)	730	10	1.84%			
Eaton Electrical	850	9	2.14%	850	7	2.19%
Sumter County Government (2)				520	10	1.34%
City of Sumter				543	9	1.40%
Thompson Industrial	900	8	2.27%			
Total Employment (6)	39,673			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 Department of Administration
- (6) Source: SC Department of Employment & 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>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>	<u>2020</u>
General government										
Administrative	27	27	28	27	25	25	25	25	31	31.5
City store	2	2	2	2	2	2	2	2	2	2
Planning	11	10	10	11	8	10	10	11	11	11.5
Business license (2)	4	4	4	4	4	4	4	4	4	5
Downtown	2	2	3	4	5	6	5	6	7	7.5
Public safety										
Building inspections	12	12	12	12	11	12	11	12	12	11
Codes (3)	4	4	5	4	6	7	7	7	7	8
Police (4)	121	120	124	120	120	120	122	143	143	143
Police city-county	36	35	34	35	33	37	33	33	33	33.5
Municipal Court (1)	1	2	2	2	2	2	2	2	2	2
Fire	101	104	101	104	106	107	108	101	101	102
Public works										
Construction	7	7	6	9	10	9	10	12	12	12
Engineering	7	5	7	7	7	9	7	7	6	6
Public works	8	10	10	8	8	9	8	9	9	9
Vehicle maintenance	1	1	1	1	1	1	1	1	1	1
Sanitation	38	38	39	39	38	37	39	41	41	41
Parks and gardens	37	35	34	38	39	38	39	33	33	33
Recreation	6	7	7	6	7	7	9	9	21	21
Community development										
Hope centers	11	12	11	11	12	12	12	11	11	11
Water and sewer										
Utility billing	27	29	28	29	27	28	26	27	27	28
Water & sewer distribution	31	29	29	32	30	28	29	33	33	32
Mechanical maintenance	9	10	9	10	11	10	12	11	11	11
Water plants	12	12	12	12	14	14	14	15	15	15
Sewer plant	25	26	26	26	26	26	25	28	28	28
Electrical maintenance	1	2	2	3	3	2	2	3	3	3
Mayesville	2	2	2	1	2	2	2	2	2	2
TOTAL EMPLOYEES	543	547	548	557	557	564	564	588	606	609

- (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.

Note: Full time employees are counted as one equivalent, while part time employees are counted as a half of an equivalent

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

Table 17

Function/Program	Fiscal Year									
	<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>	<u>2020</u>
General government (4)										
Building permits issued -										
Commercial	187	187	182	176	135	213	209	173	165	559
Residential	797	1,600	873	763	862	1,017	881	795	762	1,759
Police (1)										
Number of police calls	68,993	76,570	71,292	82,493	87,492	86,440	75,767	72,838	76,635	77,929
Traffic violations	5,724	6,316	4,701	4,240	6,404	6,469	5,028	2,197	4,995	2,765
Fire (2)										
Calls answered	2,121	2,042	2,131	2,980	3,050	3,188	3,007	3,185	3,811	2,450*
Water system (3)										
Service connections	22,556	23,022	23,095	23,184	23,305	23,079	23,068	23,708	23,673	23,673
Average daily consumptions (in millions of gallons)	11.5	11.3	11.2	11.5	11.9	12.3	13.1	13.9	13.3	12.2
Maximum daily capacity (in millions of gallons)	23.3	23.3	23.3	23.3	23.3	23.3	23.3	20.1	27.3	27.3
Wastewater system (3)										
Service connections	16,655	16,847	16,755	16,853	17,039	17,355	17,178	17,814	17,783	17,783
Average daily treatment (in millions of gallons)	8.0	7.6	8.0	10.0	8.6	11.6	10.4	10.4	11.9	11.9
Maximum daily capacity (in millions of gallons)	15.0	15.0	15.0	15.0	18.0	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

*decrease due to COVID-19

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

Table 18

Function/Program	Fiscal Year									
	<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>	<u>2020</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)**	81	84	87	89	89	91	93	93	95	95
Streetlights	2,566	2,633	2,636	2,645	2,673	1,492	1,516	2,406	2,410	2,410
Culture and recreation (4)										
Community centers	5	5	5	5	5	5	5	5	3	3
Parks	23	23	23	23	23	23	23	24	26	26
Park acreage	242	270	270	270	270	270	270	270	270	270
Water park	3	3	3	3	5	5	5	5	5	5
Aquatic center	1	1	1	1	1	1	1	1	1	1
Tennis courts	27	27	27	27	27	24	24	24	24	24
Water system (4)										
Water mains (in miles)	460	464	468	472	470	474	471	471	473	473
Fire hydrants	1,633	1,617	1,601	1,585	1,638	1,640	1,643	1,650	1,659	1,659
Wastewater system (4)										
Sanitary sewers (in miles)	326	331	336	339	340	341	342	342	344	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, 2020

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			
Federal Emergency Management Agency Pass-through Program From	97.036	FEMA-4241-DR-SC	41,243
South Carolina Emergency Mangement Division	97.039	FEMA-4241-0007-DR-SC-HMGP	35,251
	97.039	FEMA-4241-0008-DR-SC-HMGP	523,393
	97.039	FEMA-4241-0018-DR-SC-HMGP	51,653
	97.036	FEMA-4492-DR-SC	97,522
Total Department of Defense			<u>749,062</u>
Department of Housing and Urban Development Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-45-0011	103,225
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-45-0011	110,787
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-45-0011	30,312
			<u>244,324</u>
Department of Housing and Urban Development Pass-through Programs From:			
City of Mayesville			
Community Development Block Grant/States	14.228	4-CI-17-010	720,376
Total Department of Housing and Urban Development			<u>964,700</u>
Department of Justice Direct Programs:			
Bullet Proof Vest Partnership Program			
	16.607	2018BUBX18091069	9,931
	16.607	2019BUBX19099631	4,969
			<u>14,900</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019DJBX0478	22,380
Coronavirus Emergency Supplemental Funding Program	16.034	2020VDBX0101	9,243
Drug Enforcement Administration (Equitable Sharing)	16.922		47,535
Department of Justice Pass-through Programs From:			
South Carolina Department of Public Safety			
Victims of Crime	16.575	1V18084	4,035
Victims of Crime	16.575	1V19060	23,349
			<u>27,384</u>
Total Department of Justice			<u>121,442</u>
Department of Transportation Pass-through Programs From:			
South Carolina Department of Transportation			
Federal Transit-Metropolitan Planning Grants	20.205		94,911
Total Department of Transportation			<u>94,911</u>
Department of the Treasury Pass Through Program			
SC CARES Act	21.019		66,554
Total Department of the Treasury			<u>66,554</u>
Total Expenditures of Federal Awards			<u>\$ 1,996,669</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, 2020

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, 2020. 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 had no subrecipients.

Indirect Cost Rate

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

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, 2020, 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 17, 2020.

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 17, 2020

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, 2020. 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, 2020.

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 17, 2020

CITY OF SUMTER, SOUTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2020

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
14.228	Community Development Block 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, 2020**

There were no prior year audit findings.