

**CITY OF MULLINS, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**CITY OF MULLINS, SOUTH CAROLINA**

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**YEAR ENDED JUNE 30, 2023**

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**CITY OF MULLINS, SOUTH CAROLINA**  
**LISTING OF PRINCIPAL OFFICIALS**  
**YEAR ENDED JUNE 30, 2023**

Established

1872

**MAYOR**

Robert Woodbury

**CITY COUNCIL MEMBERS**

Carolyn Wilson– Mayor Pro Tem

Terry Davis

Malcolm E. Kitchen

M Christian Phillips

Albert Woodbury

Kindra Brewton-Pompey

**CITY ADMINISTRATOR**

Holly Jackson

**CITY ATTORNEY**

Robert Corley

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# SHEHEEN, HANCOCK & GODWIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA (1963-2020)

TERRY M. HANCOCK, CPA, (1970-2023)

LARRY F. GODWIN, CPA

THOMAS B. MYERS, CPA

DARYL W. TAYLOR, CPA

ANTHONY E. BOYKIN, CPA

JANE M. PEACOCK, CPA

MATTHEW C. IRICK, CPA

J. RICHARD PARKER, CPA

R. MARC WOOD

SHANE E. KIRKLEY, CPA

B. KEACH JORDAN, CPA

JOHN C. BOYKIN, III, CPA

MEREDITH A. BLAKE, CPA

JOHN F. MARTIN, CPA

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September 19, 2024

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mullins, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mullins, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mullins, South Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund on pages 4-11 and 46-48, and the schedules of funding progress and employer contributions, schedule of City's proportionate share of net pension liabilities, schedule of City's contributions, schedule of change in net OPEB liability, schedule of the net OPEB liability and schedule of employer contributions on pages 48-52 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited



procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024 on our consideration of the City of Mullins, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mullins, South Carolina's internal control over financial reporting and compliance.

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock and Godwin, LLP  
Camden, South Carolina

## CITY OF MULLINS, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2023

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As management of the City of Mullins (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, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information in the financial statements and notes to the financial statements to enhance their understanding of the City's overall financial performance.

#### FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the fiscal year by approximately \$860,000. In addition, the City's restricted net position was approximately \$228,000 and the City's unrestricted deficit net position (the amount that may be used to meet the government's ongoing obligations to citizens and creditors) was approximately a (\$7,042,000) deficit for governmental activities. The deficit unrestricted net position is due to the net pension liability of approximately \$3.4 million and the other post-employment liability of approximately \$4.0 million. Net investment in capital assets was approximately \$5,955,000.
- The government's total net position decreased by approximately \$69,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$1,265,000, a decrease of approximately \$1,668,000 from the prior year's fund balances. This was primarily due to capital outlay.
- The City's General Fund reported total fund balance of approximately \$997,000. Approximately \$995,000 of this amount is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance for the General Fund was 15% of total General Fund expenditures for the year ended June 30, 2023.
- The City's capital assets increased by approximately \$824,000 (12%) during the current fiscal year due to additions of approximately \$1,348,000 partially offset by depreciation expense of approximately \$521,000.
- The City's indebtedness decreased by approximately \$325,000 (16%) during the current year due scheduled principal payments of approximately \$325,000.

#### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – the *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and supplementary information) and the *Compliance Section*.

#### Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.

## CITY OF MULLINS, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

**Government-Wide Financial Statements.** The financial statements include two kinds of statements that present different views of the City. 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 information on all of the City's assets and deferred outflows (if any) and liabilities and deferred inflows (if any), with the differences between these items 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 government'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 in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities include general government, beautification, Street and Sanitation, Police, Fire, Recreation, Maintenance, Museum, Accommodations Tax and Grants. Taxes, business licenses, building permits, fines, recreational fees, and state and federal grant revenues finance most of these activities. The City does not report any business-type activities. The government-wide financial statements can be found as listed in the table of contents.

**Fund Financial Statements.** The fund financial statements provide a more detailed look at the City's most significant activities. 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 all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into one category: governmental funds.

**Governmental Funds –** *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the statement of net position and the statement of activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Capital Fund, and the Local Hospitality Tax Fund. The governmental fund financial statements can be found as listed in the table of contents.

**Notes to the Financial Statements –** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

**Other Information –** In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund and its Capital Fund, as required by the General Statutes. The City also adopts an annual budget for its Local Hospitality Tax Fund. Required budgetary comparison schedules have been provided for these funds to demonstrate compliance with their budget. The City also sponsors a single-employer defined benefit healthcare plan (the "OPEB plan"). The City has provided the required schedule of employer contributions and schedule of funding progress for the OPEB plan. Required supplementary information can be found as listed in the table of contents.

**CITY OF MULLINS, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

Supplementary information, which includes the General Fund detailed budgetary comparison schedule and a schedule of fines, assessments, and surcharges, are presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

Major Features of the City's Government-Wide and Fund Financial Statements		
	Government-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire City government	The activities of the City that are not proprietary.
Required Financial Statements	<ul style="list-style-type: none"><li>▪ Statement of Net Position.</li><li>▪ Statement of Activities.</li></ul>	<ul style="list-style-type: none"><li>▪ Balance Sheet.</li><li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.</li></ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon, thereafter; no capital assets or long-term obligations are included.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

## CITY OF MULLINS, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2023 compared to June 30, 2022:

	Governmental Activities and Total	
	2023	2022
Assets:		
Current and Other Assets	\$ 4,316,909	\$ 4,225,385
Capital Assets, Net	7,618,661	6,794,892
Total Assets	11,935,570	11,020,277
Deferred Outflow of Resources		
Deferred Pension Charges	681,831	610,319
Deferred OPEB Charges	935,153	1,075,781
Total Deferred Outflow of Resources	1,616,984	1,686,100
Liabilities		
Long-Term Obligations	8,958,652	9,651,490
Other Liabilities	3,079,436	1,651,009
Total Liabilities	12,038,088	11,302,499
Deferred Inflow of Resources		
Deferred Pension Credits	103,584	717,361
Deferred OPEB Credits	2,270,446	1,491,114
Total Deferred Inflow of Resources	2,374,030	2,208,475
Net Position		
Net Investment in Capital Assets	5,954,621	4,806,247
Restricted	227,923	598,251
Unrestricted	(7,042,108)	(6,209,095)
Total (Deficit) Net Position	\$ (859,564)	\$ (804,597)

The City's total assets and deferred outflow of resources for governmental activities increased approximately \$846,000 from the prior year to approximately \$13,553,000 at June 30, 2023. Capital assets increased approximately \$824,000 from the prior year primarily due to additions of approximately \$1,348,000 partially offset by depreciation expense of approximately \$521,000. Total governmental activities liabilities increased approximately \$736,000 from the prior year primarily due an increase in unearned revenues and accounts payable.

The City's net position decreased by approximately \$55,000 during the current fiscal year due to current year expenses exceeding current year revenue. See the discussion after the next table for more information on revenues and expenses.

The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$860,000 at June 30, 2023. The largest portion of the City's net position of approximately \$5,955,000 reflects its investment in capital assets (i.e., land, buildings, furniture, equipment, infrastructure, etc.) less any related outstanding debt/lease purchase obligations used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MULLINS, SOUTH CAROLINA****MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2023****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

An additional portion of the City's net position of approximately \$228,000 represents resources that are subject to external restrictions on how they may be used. This portion of net position is restricted primarily for tourism related expenditures (i.e., hospitality fees), capital projects, and victim's advocate. The remaining portion of the City's net position of approximately (\$7,042,000), a deficit, is unrestricted. The City's unrestricted balance without the net pension and OPEB liability would be approximately \$1,122,000.

The following table shows the changes in the City's net position for fiscal year 2023 compared to 2022.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,371,040	\$ 1,324,095
Operating Grants and Contributions	386,363	385,688
Capital Grants and Contributions	193,993	642,834
General Revenues:		
Taxes	2,287,876	2,058,085
Other	1,182,159	1,237,959
Total Revenues	<u>5,421,431</u>	<u>5,648,661</u>
Expenses:		
General Government	1,266,978	973,590
Beautification	1,290	1,545
Streets	978,642	1,313,370
Court Administration	22,955	22,181
Police	1,402,039	1,427,824
Fire	988,174	1,074,284
Museum	83,713	96,826
Maintenance	44,093	51,355
Recreation	340,538	355,330
Sanitation	317,565	-
Interest on Long Term Debt	27,488	51,256
Loss on Disposal of Capital Assets	2,923	45,000
Total Expenses	<u>5,476,398</u>	<u>5,412,561</u>
Change in Net Position	(54,967)	236,100
(Deficit) Net Position - Beginning of Year	(804,597)	(1,040,697)
(Deficit) Net Position - End of Year	<u>\$ (859,564)</u>	<u>\$ (804,597)</u>

*Governmental Activities:* Governmental activities decreased the City's net position by approximately \$55,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues for 2023 decreased approximately \$227,000. The decrease was primarily due to capital contributions decrease of approximately \$449,000, partially offset by an increase in property taxes of approximately \$230,000.
- Total governmental activities expenses increased from the prior year approximately \$64,000. Police expenses decreased approximately \$26,000 and Fire expenses decreased approximately \$86,000, Interest expenses decreased approximately \$24,000 and Loss on disposal of capital assets decreased approximately \$42,000, partially offset by an increase in general government expenses of approximately \$293,000.

## CITY OF MULLINS, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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 spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$1,265,000, a decrease of approximately \$1,668,000 over the prior year fund balance. The decrease in fund balance was due to expenditures of approximately \$6,783,000 exceeding revenues and other financing sources of approximately \$5,116,000, most of which occurred in the general fund.

Approximately 82% or \$1,037,000 of the total governmental fund balance of approximately \$1,265,000 constitutes unassigned fund balance. The City has approximately \$195 of nonspendable fund balance related to prepaids. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been set aside/constrained for (1) tourism related expenditures (\$227,000; restricted), and (2) victim's advocate expenditures (\$714; restricted).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was approximately \$997,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund is approximately \$996,000 and represents approximately 15% of total General Fund expenditures for the current year.

The fund balance for the General Fund decreased by approximately \$1,782,000. Revenue decreased approximately \$14,000, primarily due to property taxes increase of approximately \$39,000, licenses and franchise fees increase of approximately \$36,000, and fire department increase of approximately \$14,000 and state aid increase of approximately \$32,000 partially offset by grants decrease of approximately \$211,000. Expenditures increased by approximately \$1,426,000 compared to prior year primarily due to a capital outlay increase of approximately \$988,000, streets and sanitation increase of approximately \$77,000, an increase in general government of approximately \$275,000, an increase in fire of approximately \$10,000, an increase in police of approximately \$36,000, and an increase in debt service of approximately \$65,000.

The Capital Fund accounts for major capital outlays. This fund expended a total of approximately \$0 during 2023 and reported an ending fund balance of approximately \$21,000 at June 30, 2023.

In addition, the fund balance of the Local Hospitality Tax fund increased by approximately \$94,000, or 71%, over 2022. This increase was primarily revenues exceeding expenditures.

## CITY OF MULLINS, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

**General Fund Budgetary Highlights.** If budget amendments are made they generally fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. During the year there were no amendments made to the General Fund budget.

The City's actual results for the General Fund were different than the budgeted amounts due to the following:

- Actual revenues of approximately \$4,651,000 were under budget by approximately \$169,000. The major differences were property tax collections came in over budget by approximately \$110,000, privilege licenses and payments came in over budget by approximately \$428,000, grants was under budget by \$362,000, state shared revenue was under budget by \$141,000, miscellaneous were under budget by \$27,000 and fire department were under budget by \$85,000.
- Actual expenditures of approximately \$6,690,000 were over budget by approximately \$1,738,000. Costs related to the general government (approximately \$203,000), and fire department (approximately \$178,000), and capital outlay (approximately \$1,385,000) exceeded budget. Costs related to police department (approximately \$132,000) and streets and sanitation department (approximately \$50,000) were under budget.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### *Capital Assets*

The City's capital assets as of June 30, 2023 and June 30, 2022, amounted to approximately \$7,619,000 and \$6,794,000, respectively. This investment in capital assets includes land, construction in progress, buildings, improvements, vehicles, machinery and equipment, and other infrastructure. The City's capital assets as of June 30, 2023 and 2022 were as follows:

	Governmental Activities and Total	
	2023	2022
Land	\$ 889,914	\$ 889,914
Buildings and Improvements	7,140,932	7,140,932
Equipment and Vehicles	5,812,293	4,495,577
Capital Assets	13,843,139	12,526,423
Accumulated Depreciation	6,224,478	5,731,531
Total	\$ 7,618,661	\$ 6,794,892

The total increase in the City's capital assets for the current fiscal year was approximately \$824,000 (12%). Major capital asset events during the current fiscal year included the following:

- Depreciation expense of approximately \$521,000.
- Capital asset additions of approximately \$1,348,000.

Additional information regarding the City's capital assets can be found in Note III in the notes to the financial statements.



CITY OF MULLINS, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The City did not have any outstanding general obligation debt. The total outstanding debt as of June 30, 2023 and 2022 was as follows:

	Governmental Activities and Total	
	2023	2022
Debt		
2014 Hospitality Fee Bond	\$ 285,278	\$ 350,278
2019 Financing Lease	51,369	102,211
2020 Financing Lease	4,287	8,366
2021 Financing Lease	258,266	333,177
2022 Financing Lease - Fire Trucks	767,640	843,750
2022 Financing Lease - Fire Equip	213,884	238,981
2022 Financing Lease - Police Cars	83,316	111,882
Total Debt	\$ 1,664,040	\$ 1,988,645

The total decrease in the City’s governmental activities debt for the current fiscal year was approximately \$325,000 or 16%, which was due to scheduled principal payments made during the year.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. As of June 30, 2023, the City had no bonded debt subject to the 8% limit of approximately \$658,000 (based on an assessed value of approximately \$8,231,000).

Additional information regarding the City’s long-term obligations can be found in Note III in the notes to the financial statements.

ECONOMIC FACTORS AND 2024 BUDGET FOR THE CITY

The City’s elected officials and staff considered many factors when setting the fiscal year 2024 budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City’s residents were all taken into account. Key budget highlights were as follows:

- Tax millage rates did not change
- Sanitation rates did not change

REQUESTS FOR CITY INFORMATION

This financial report is designed to provide a general overview of the City of Mullins’ finances for all those with an interest in the government’s financing. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mullins, P.O. Drawer 408, Mullins, S.C. 29574

## CITY OF MULLINS, SOUTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT	
	Governmental Activities	Totals
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,477,456	\$ 1,477,456
Cash and Cash Equivalents, Restricted	2,023,507	2,023,507
Receivables, Net:		
Property Taxes	63,596	63,596
Other	156,241	156,241
Intergovernmental Receivables	595,914	595,914
Prepaid Insurance	195	195
Capital Assets:		
Non-Depreciable	889,914	889,914
Depreciable, Net	6,728,747	6,728,747
<b>TOTAL ASSETS</b>	<b>11,935,570</b>	<b>11,935,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Charges	681,831	681,831
Deferred Other Postemployment Benefits Charges	935,153	935,153
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,616,984</b>	<b>1,616,984</b>
<b>LIABILITIES</b>		
Accounts Payable	615,538	615,538
Accrued Interest Payable	29,150	29,150
Accrued Salaries and Benefits	116,122	116,122
Local Option Sales Tax Credit Roll-Back	272,631	272,631
Court Bonds Outstanding	6,310	6,310
Other Accrued Liabilities	75,731	75,731
Unearned Revenues	1,627,492	1,627,492
Non-Current Liabilities:		
Due Within One Year	336,462	336,462
Due in More Than One Year	1,551,707	1,551,707
Net OPEB Liability	4,016,908	4,016,908
Net Pension Liability	3,390,037	3,390,037
<b>TOTAL LIABILITIES</b>	<b>12,038,088</b>	<b>12,038,088</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Credits	103,584	103,584
Deferred Other Postemployment Benefits Credits	2,270,446	2,270,446
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,374,030</b>	<b>2,374,030</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	5,954,621	5,954,621
Restricted For:		
Prepays	195	195
Victim's Advocate	714	714
Tourism Related Expenditures	227,014	227,014
Unrestricted Deficit	(7,042,108)	(7,042,108)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (859,564)</b>	<b>\$ (859,564)</b>

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

See accompanying independent auditor's report.

## CITY OF MULLINS, SOUTH CAROLINA

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Primary Government	
PRIMARY GOVERNMENT:					Governmental Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 1,266,978	17,526	234,135	193,993	(821,324)	\$ (821,324)
Beautification	1,290	-	-	-	(1,290)	(1,290)
Streets	978,642	790,971	152,228	-	(35,443)	(35,443)
Court Administration	22,955	-	-	-	(22,955)	(22,955)
Police	1,402,039	162,628	-	-	(1,239,411)	(1,239,411)
Fire	988,174	323,823	-	-	(664,351)	(664,351)
Museum	83,713	11,413	-	-	(72,300)	(72,300)
Maintenance	44,093	-	-	-	(44,093)	(44,093)
Recreation	340,538	64,679	-	-	(275,859)	(275,859)
Sanitation	317,565	-	-	-	(317,565)	(317,565)
Loss on Sale of Capital Assets	2,923	-	-	-	(2,923)	(2,923)
Interest on Long Term Debt	27,488	-	-	-	(27,488)	(27,488)
<b>Total Governmental Activities</b>	<b>5,476,398</b>	<b>1,371,040</b>	<b>386,363</b>	<b>193,993</b>	<b>(3,525,002)</b>	<b>(3,525,002)</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 5,476,398</b>	<b>1,371,040</b>	<b>386,363</b>	<b>193,993</b>	<b>(3,525,002)</b>	<b>(3,525,002)</b>
General Revenues and Transfers:						
General Revenues:						
Taxes:						
Property Taxes					2,071,610	2,071,610
Hospitality Taxes					187,246	187,246
Accommodations Taxes					29,020	29,020
Business Licenses and Franchise Fees					1,072,318	1,072,318
Unrestricted Investment Earnings					30,980	30,980
Miscellaneous					48,710	48,710
Insurance Proceeds					30,151	30,151
Total General Revenues					3,470,035	3,470,035
<b>CHANGE IN NET POSITION</b>					<b>(54,967)</b>	<b>(54,967)</b>
DEFICIT NET POSITION, BEGINNING OF YEAR					(804,597)	(804,597)
<b>NET DEFICIT, END OF YEAR</b>					<b>(859,564)</b>	<b>\$ (859,564)</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## CITY OF MULLINS, SOUTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

		SPECIAL REVENUE			
	GENERAL	LOCAL	FEDERAL	CAPITAL	TOTAL
	FUND	HOSPITALITY	FUND	FUND	GOVERNMENTAL
		TAX FUND			FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 1,456,750	-	\$ -	20,706	\$ 1,477,456
Cash and Cash Equivalents, Restricted	113,560	247,467	1,662,480	-	2,023,507
Receivables, Net:					
Property Taxes	63,596	-	-	-	63,596
Other	156,241	-	-	-	156,241
Intergovernmental Receivables	595,914	-	-	-	595,914
Due From Other Funds	37,259	-	-	-	37,259
Prepaid Insurance	195	-	-	-	195
TOTAL ASSETS	\$ 2,423,515	247,467	1,662,480	20,706	\$ 4,354,168
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 615,538	-	\$ -	-	\$ 615,538
Accrued Salaries and Benefits	116,122	-	-	-	116,122
Local Option Sales Tax Credit Roll-Back	272,631	-	-	-	272,631
Court Bonds Outstanding	6,310	-	-	-	6,310
Other Accrued Liabilities	75,731	-	-	-	75,731
Due To Other Funds	-	20,453	16,806	-	37,259
Unearned Revenues	340,665	-	1,625,165	-	1,965,830
TOTAL LIABILITIES	1,426,997	20,453	1,641,971	-	3,089,421
FUND BALANCES					
Nonspendable:					
Prepays	195	-	-	-	195
Restricted For:					
Tourism Related Expenditures	-	227,014	-	-	227,014
Victim's Advocate	714	-	-	-	714
Unassigned	995,609	-	20,509	20,706	1,036,824
TOTAL FUND BALANCES	996,518	227,014	20,509	20,706	1,264,747
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,423,515	247,467	1,662,480	20,706	\$ 4,354,168

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF MULLINS, SOUTH CAROLINA

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

JUNE 30, 2023

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 1,264,747</b>
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Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was \$13,843,139 and the accumulated depreciation was \$6,224,478.	7,618,661
Receivables that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.	338,338
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(2,811,790)
Accrued interest on the long-term obligations in governmental accounting is not due or payable in the current period, therefore, they have not been reported as a liability in the funds.	(29,150)
The City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB Plan are not reported in the governmental funds but is in the Statement of Net Positions.	(5,352,201)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Note and Lease Payables	(1,664,040)
Compensated Absence Obligations	(224,129)

<b>TOTAL (DEFICIT) NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ (859,564)</b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## CITY OF MULLINS, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

		SPECIAL REVENUE			
	GENERAL FUND	LOCAL HOSPITALITY TAX FUND	FEDERAL FUND	CAPITAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes - Property	\$ 1,899,200	-	-	-	\$ 1,899,200
Taxes - Hospitality	-	187,246	-	-	187,246
Licenses and Franchise Fees	1,058,618	-	-	-	1,058,618
Sanitation Charges	790,971	-	-	-	790,971
Police Fines	12,628	-	-	-	12,628
State Aid	199,083	-	-	-	199,083
Recreation Fees	64,679	-	-	-	64,679
Grants	38,100	-	193,993	-	232,093
Fire Department	323,823	-	-	-	323,823
Building Department	17,526	-	-	-	17,526
School Resource Officer	150,000	-	-	-	150,000
Museum	11,413	-	-	-	11,413
Interest Income	9,918	537	20,509	16	30,980
Miscellaneous	74,682	-	-	-	74,682
TOTAL REVENUES	4,650,641	187,783	214,502	16	5,052,942
EXPENDITURES					
Current:					
General Government	1,126,474	16,413	-	-	1,142,887
Street and Sanitation	814,315	-	-	-	814,315
Court	23,984		-	-	23,984
Police	1,366,208	-	-	-	1,366,208
Fire	928,586	-	-	-	928,586
Recreation	277,496	-	-	-	277,496
Sanitation	326,361	-	-	-	326,361
Maintenance	48,212	-	-	-	48,212
Museum	86,673	-	-	-	86,673
Capital Outlay	1,385,166	-	-	-	1,385,166
Debt Service:					
Principal Retirement	265,109	65,000	-	-	330,109
Interest	40,983	12,285	-	-	53,268
TOTAL EXPENDITURES	6,689,567	93,698	-	-	6,783,265
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(2,038,926)	94,085	214,502	16	(1,730,323)
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	30,151	-	-	-	30,151
Lease Proceeds	32,633	-	-	-	32,633
Transfers In	193,993	-	-	-	193,993
Transfers Out	-	-	(193,993)	-	(193,993)
TOTAL OTHER FINANCING SOURCES (USES)	256,777	-	(193,993)	-	62,784
NET CHANGES IN FUND BALANCES	(1,782,149)	94,085	20,509	16	(1,667,539)
FUND BALANCES, BEGINNING OF YEAR	2,778,667	132,929	-	20,690	2,932,286
FUND BALANCES, END OF YEAR	\$ 996,518	227,014	20,509	20,706	\$ 1,264,747

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF MULLINS, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (1,667,539)**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	338,338
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,349)
The repayment of bond and debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	324,605
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 the governmental funds - compensated absences.	(32,760)
In the Statement of Activities the gain or loss on the disposal or impairment of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed or impaired.	(2,923)
Change's in the City's net 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.	45,509
Changes in the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	114,460
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$1,347,616 exceeded depreciation expense of \$520,924 in the current period.	<u>826,692</u>

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (54,967)**

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## CITY OF MULLINS, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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The City of Mullins ("City") was established in 1872. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City of Mullins is run by a Council form of government. Council is made up of six council members and a Mayor. The Mayor and Council, elected for four-year staggered terms, are vested with the legislative and policymaking powers of the City. The Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City.

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. The Reporting Entity

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

As required by GAAP, the financial statements present the City's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

##### *Major Operations*

The City's major governmental operations are general administration, beautification, street and sanitation, police, fire, museum, recreation, and maintenance.

##### B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. The City does not report any business-type activities.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

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 instead 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 **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Reimbursements due from federally funded projects are accrued as revenue at the time expenditures are made, or when received in advance – unearned until expenditures are made. Property tax revenues are recognized in the year in which they are due and receivable, and collected or expected to be collected within 60 days. Generally, a 60 day availability period is used for franchise taxes, licenses, and intergovernmental revenues. Penalties, fines and forfeitures, hospitality taxes, miscellaneous revenues, and interest associated with the current fiscal period are recorded when cash is received because they are generally not measurable until actually received.

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

Fund financial statements report detailed information about the City. 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. There currently are not any non-major funds.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and funds are used by the City.

**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 liabilities 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's major funds are as follows:

The **General Fund, a major fund** and a budgeted 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 other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Capital Fund, a major fund** and a non-budgeted fund, is used to account for financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to the acquisition or construction of major capital facilities.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following Special Revenue Fund:

Local Hospitality Tax Fund (major fund) and a budgeted fund.  
Federal Fund (major fund) and a non-budgeted fund.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity**

**1. Cash, Cash Equivalents, and Investments**

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (d) Repurchase agreements when collateralized by securities as set forth in this section.
- (e) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (continued)**

The City's cash and investment objectives are preservation of capital, liquidity and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments (as defined by GASB Statement No. 3) in its operating activities:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is usually subject to a penalty.

**2. Receivables and Payables**

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, and other fees and charges.

**3. Prepaid Items**

Prepaid items are accounted for using the consumption method in the governmental funds.

**4. Capital Assets**

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position, but are not reported in the fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) 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. Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Land	Not Depreciated
Construction in Progress	Not Depreciated
Buildings and Improvements	25-100 years
Equipment	5-30 years
Vehicles	5-15 years

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

**5. *Compensated Absences***

The City allows an employee to accumulate up to 45 vacation days and 90 sick leave days. These vacation and sick leave days are earned, as employed, on a daily basis. The accrued vacation days are payable upon an employee leaving the City's employment. There is no payment for any unused sick leave days when an employee leaves the City.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported on the government-wide financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements, and is due and payable.

**6. *Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method as it approximates the effective interest method. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt or capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

7. *Fund Balance*

The City classifies its governmental fund balances as follows:

**Non-spendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids, inventories, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. City Council reserves the right to assign fund balance.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The City reports *deferred OPEB charges* in its Statement of Net Position in connection with the OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

**8. *Deferred Outflows/Inflows of Resources (continued)***

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (2) The City reports *deferred OPEB credits* in its Statement of Net Position in connection with the OPEB Plan. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

**9. *Net Position***

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**10. *Pensions and Other Postemployment Benefits***

In government-wide financial statements, pensions and other postemployment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B. & C. and the required supplementary information immediately following the notes to the financial statements for more information). The City recognizes net pension and OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City’s fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Equity (Continued)**

**11. Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value. The City does not have any investments as of June 30, 2023.

**12. Other Postemployment Benefits**

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C. and the required supplementary information immediately following the notes to the financial statements 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.

**13. Accounting 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. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.



CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

*14. Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows the following procedures in establishing its annual budgets:

1. On or before the first Friday in March of each year, all departments/agencies of the government submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.
2. In May of each year, the proposed budget is presented to the City Council for review. The City adopts the budget ordinance before June 30 of each year. Amounts transferred between departments within any fund and any revisions that do not alter the total expenditures of any fund do not have to be approved by City Council. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at year-end.
3. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023, none of the City's bank balances of approximately \$3,552,000 (with a carrying value of approximately \$3,501,000) were exposed to custodial credit risk.

*Investments*

As of June 30, 2023, the City had no investments as defined by GASB No. 40.

**Interest Rate Risk:** The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

**Concentration of Credit Risk for Investments:** The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were those imposed by the revenue source (i.e., hospitality fees, accommodation taxes, grants, etc.) and court fees and fines.

B. Property Taxes and Related Receivables

Property taxes receivable of approximately \$64,000 (includes approximately \$39,000 of outstanding tax receivable and approximately \$25,000 of taxes collect by the County but not sent to the City until July), which is net of an allowance for estimated uncollectible taxes of approximately \$218,000, represent current real and personal property as well as delinquent real and personal property taxes collected within 60 days of year end. Because the amount of delinquent real and personal property taxes not collected within 60 days of year end is not considered material, the City has elected not to record a receivable for these taxes due and not collected.

Property taxes are assessed and collected by Marion County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 6 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15<sup>th</sup> of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 <sup>th</sup>	3%
February 2 <sup>nd</sup>	an additional 7%
March 17 <sup>th</sup>	an additional 5%

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2023 real and business personal property taxes (which was for tax year 2022) were levied in September 2022 based on a millage rate of 167 mills. The City's assessed value of real and personal property (excluding vehicles) was approximately \$8.2 million for tax year 2022.

C. Interfund Receivables, Payables and Transfers

*Interfund Receivables and Payables*

Interfund balances at June 30, 2023 consisted of the following:

Fund	Receivables	Payables
General Fund	\$ 37,259	\$ -
Hospitality Tax Fund	-	20,453
Special Revenue Fund - Federal	-	16,806
Totals	<u>\$ 37,259</u>	<u>\$ 37,259</u>

The interfund receivables and payables are generally a result of General Fund or other funds initially paying for invoices for different funds.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables and Transfers (Continued)

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfer In	Transfer Out
General Fund	\$ 193,993	\$ -
Special Revenue Fund - Federal	-	193,993
Totals	\$ 193,993	\$ 193,993

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. The Special Revenue Fund – Federal transferred approximately \$194,000 to the General fund for capital items.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 889,914	-	-	\$ 889,914
Construction In Progress	-	-	-	-
Total Capital Assets, Non-Depreciable	889,914	-	-	889,914
Capital Assets, Depreciable:				
Buildings and Improvements	7,140,932	-	-	7,140,932
Equipment and Vehicles	4,495,577	1,347,616	(30,900)	5,812,293
Total Capital Assets, Depreciable	11,636,509	1,347,616	(30,900)	12,953,225
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,827,213	198,280	-	3,025,493
Equipment and Vehicles	2,904,318	322,644	(27,977)	3,198,985
Total Accumulated Depreciation	5,731,531	520,924	(27,977)	6,224,478
Total Capital Assets, Depreciable, Net	5,904,978	826,692	(2,923)	6,728,747
Governmental Activities Capital Assets, Net	\$ 6,794,892	826,692	(2,923)	\$ 7,618,661

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense for governmental activities was charged to functions/programs as follows:

Functions/Programs	Expense
General Government	\$ 112,381
Beautification	1,290
Streets and Sanitation	70,902
Police	99,373
Fire	155,061
Recreation	81,917
Total - Governmental Activities	<u>\$ 520,924</u>

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Notes payable (“NP”) and financing lease (“FL”) obligations are special obligations of the City payable from the general revenues of the City. Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from the hospitality fee fund. The full faith, credit, and taxing powers of the City are not pledged for the payment of NP, FL, and RB obligations nor the interest thereon.

Details on the City’s outstanding debt issues and lease purchase obligations are as follows:

	Balance at <u>June 30, 2023</u>
<b><i>Hospitality Fee Revenue Bond</i></b>	
\$750,000 hospitality fee revenue bond issued in December 2014 (“2014 Hospitality Fee Bond”), due in annual installments of \$51,000 to \$75,000 beginning December 1, 2015 through December 1, 2027 plus interest of 3.50% annually. The proceeds of this bond were used for upgrading two city parks.	\$ 285,278

## CITY OF MULLINS, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

## E. Long-Term Obligations (Continued)

*Financing Lease Obligations*

\$242,304 lease agreement was entered into in November 2019 ("2019 Financing Lease") for the purchase of police vehicles, with monthly payments (including interest) of \$4,557 beginning June 3, 2019 through June 3, 2024 with interest rates between 4.60% and 5.08%.	\$	51,369
\$19,400 lease agreement was entered into in July 2019 ("2020 Financing Lease") for the purchase of computer equipment, with monthly payments (including interest) of \$367 beginning July 2019 thru June 2024 with interest rate of 5%.	\$	4,287
\$420,115 lease agreement was entered into in January 2021 ("2021 Financing Lease") for the purchase of two garbage trucks, with annual payments (including interest) of \$88,920 beginning December 22, 2021 through December 22, 2025 with interest rate of 2.50%.	\$	258,266
\$843,750 lease agreement was entered into in August 2021 ("2022 Financing Lease – Fire Trucks") for the purchase of two fire trucks, with annual payments (including interest) of \$95,364 beginning August 30, 2022 through August 30, 2031 with interest rate of 2.27%.	\$	767,640
\$238,981 lease agreement was entered into in April 2022 ("2022 Financing Lease – Fire Equipment") for new fire truck equipment, with annual payments (including interest) of \$27,624 beginning August 30, 2022 through August 30, 2031 with interest rate of 3.12%.	\$	213,884
\$131,802 lease agreement was entered into in September 2022 ("2022 Financing Lease – Police Cars") for the purchase of four police, with annual payments (including interest) of \$33,573 beginning September 24, 2021 through November 12, 2026 with interest rate of 5.06%.	\$	83,316

Resources from the City's General Fund have been used to liquidate all the lease purchase obligations and Hospitality fee revenue is being used to liquidate the Revenue Bond.

Presented below is a summary of changes in long-term obligations for the City for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Note and Lease Payable					
2014 Hospitality Fee Bond	\$ 350,278	-	65,000	285,278	\$ 68,000
2019 Financing Lease	102,211	-	50,842	51,369	51,369
2020 Financing Lease	8,366	-	4,079	4,287	4,287
2021 Financing Lease	333,177	-	74,911	258,266	83,972
2022 Financing Lease - Fire Trucks	843,750	-	76,110	767,640	77,838
2022 Financing Lease - Fire Equip	238,981	-	25,097	213,884	20,951
2022 Financing Lease - Police Cars	111,228	-	28,566	83,316	30,045
Total Note and Lease Payable	1,988,645	-	324,605	1,664,040	336,462
Compensated Absences	191,369	32,760	-	224,129	-
OPEB Liability	4,982,377	-	965,469	4,016,908	-
Total Governmental Activities	\$ 7,162,391	32,760	1,290,074	5,905,077	\$ 336,462

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2023, the City did not have any bonded debt subject to the 8% limit, which was approximately \$658,000.

Presented below is a summary of debt service requirements to maturity by year for the City's governmental activities as of June 30, 2023:

Year Ending June 30,	Bonds Payable		Leases Payable		Total
	Principal	Interest	Principal	Interest	
<b>Governmental Activities:</b>					
2024	\$ 68,000	10,010	268,462	35,512	\$ 381,984
2025	70,000	7,630	218,883	28,005	324,518
2026	73,000	5,180	209,584	21,996	309,760
2027	74,278	2,625	110,231	16,694	203,828
2028	-	-	108,840	14,047	122,887
2029	-	-	111,512	11,374	122,886
2030	-	-	114,252	8,636	122,888
2031	-	-	117,060	5,828	122,888
2032	-	-	119,938	2,953	122,891
Totals	<u>\$ 285,278</u>	<u>25,445</u>	<u>1,378,762</u>	<u>145,045</u>	<u>\$ 1,834,530</u>

# CITY OF MULLINS, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### IV. OTHER INFORMATION

#### A. Risk Management

##### **Participation in Public Entity Risk Pools for Property and Casualty Insurance**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

The City pays an annual premium to SCMIRF for its general risk insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net assets/position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$6,715,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets/position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$44,198,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

##### **Health Insurance**

The City has a fully insured health insurance program for the City's employees in which the City pays a monthly premium for this coverage and has no additional liability related to health insurance. The City has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

#### B. Retirement Plans

##### ***State Retirement Plans***

The City participates in the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*State Retirement Plans (Continued)*

The PEBA issues an Annual Comprehensive Financial Report (formerly known as the “Comprehensive Annual Financial Report”) containing financial statements and required supplementary information for the System’s Pension Trust Funds. The Annual Comprehensive Financial Report is publicly available through the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Annual Comprehensive Financial Report of the state.

*Plan Description*

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and 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 allowances and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

*Plan 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; be a coroner in a full-time permanent position; or be 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 the PORS. Magistrates are required to participate in the 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.

*Plan Benefits*

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



**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*State Retirement Plans (Continued)*

- 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.

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.

*Plan Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the SCRS and PORS ("Plans") contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for the SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

Pension reform legislation modified the statute such that the employer contribution rates for the SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of the SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plans. Finally, under the revised statute, the contribution rates for the SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City’s contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees’ annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates	PORS Rates
	2023	2023
Employer Contribution Rate:^		
Retirement*	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	17.56%	20.24%
Employee Contribution Rate	9.00%	9.75%

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

The actual and required contributions to the SCRS and PORS were approximately \$147,000 and \$216,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

*Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$8,000 and \$10,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City’s governmental fund financial statements.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

State Retirement Plans (Continued)

Actuarial Assumptions and Methods

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

The June 30, 2022 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

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

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*State Retirement Plans (Continued)*

*Actuarial Assumptions and Methods (Continued)*

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

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns 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 target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Long-term Expected Rate of Return (Continued)*

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	<b>46.0%</b>	6.79%	3.12%
<b>Bonds</b>	<b>26.0%</b>	-0.35%	-0.09%
<b>Private Equity</b>	<b>9.0%</b>	8.75%	0.79%
<b>Private Debt</b>	<b>7.0%</b>	6.00%	0.42%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Rate of Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2022 measurement date, for the 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	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems’ actuary, and each Plans’ 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 Plans’ funding requirements.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

At June 30, 2023, the City reported liabilities of approximately \$1,516,000 and \$1,874,000 for its proportionate share of the NPL for the SCRS and PORS ("Plans"), respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report as of July 1, 2021 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2022, the City's SCRS proportion was 0.006253 percent, which increased 0.000742 percent compared to its proportion measured as of June 30, 2021. At June 30, 2022, the City's PORS proportion was 0.062497 percent, which decrease of 0.000722 percent compared to its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of approximately \$73,000 and \$175,000 for the SCRS and PORS, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 13,169	\$ 6,606
Change in Assumptions	48,614	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,337	-
Changes in Proportion and Differences Between the City's		
Contributions and Proportionate Share of Contributions	133,172	25,300
City's Contributions Subsequent to the Measurement Date	147,026	-
Total SCRS	344,318	31,906
<b>PORS</b>		
Differences Between Expected and Actual Experience	31,446	37,051
Change in Assumptions	78,047	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,660	-
Changes in Proportion and Differences Between the City's		
Contributions and Proportionate Share of Contributions	6,245	34,627
City's Contributions Subsequent to the Measurement Date	216,115	-
Total PORS	337,513	71,678
Total SCRS and PORS	\$ 681,831	\$ 103,584

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

Approximately \$147,000 and \$216,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 57,562	\$ 26,037	\$ 83,599
2025	69,021	20,819	89,840
2026	(726)	(69,987)	(70,713)
2027	39,529	72,851	112,380
Total	<u>\$ 165,386</u>	<u>\$ 49,720</u>	<u>\$ 215,106</u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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, each 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 total pension liability.

*Sensitivity Analysis*

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability of the SCRS	\$ 1,943,406	1,515,771	\$ 1,160,249
City's proportionate share of the net pension liability of the PORS	2,613,551	1,874,266	1,269,092
Total	<u>\$ 4,556,957</u>	<u>3,390,037</u>	<u>\$ 2,429,341</u>

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Annual Comprehensive Financial Report is publicly available through the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

CITY OF MULLINS, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Payable to Plans*

The City reported payables of approximately \$37,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS, respectively. These amounts are included in Accrued Salaries and Fringe on the financial statements and were paid in July 2023.

C. Postemployment Benefits Other Than Pensions

*Plan Description*

The City administers a defined benefit postemployment healthcare plan, a single-employer defined benefit other postemployment benefit plan ("OPEB Plan"). This plan provides medical, vision, and prescription drug benefits for retirees who meet certain length of service requirements. As established by City Council on July 1, 1998, an employee becomes eligible for the OPEB Plan when the employee qualifies for retirement benefits from the South Carolina Retirement System or the Police Officers Retirement System and completes 20 years of service with the City.

The City pays the full cost of the OPEB Plan for the full life of each eligible retiree. Currently, the City pays for OPEB Plan benefits on a pay-as-you-go basis. These financial statements assume that a pay as you go basis will continue for the immediate future but at some point in the future the City will begin to fund an account that will be restricted for OPEB Plan benefits. There are no assets accumulated in a trust and there is no stand-alone financial report for the OPEB Plan.

Effective July 1, 2012, the OPEB Plan provides medical, vision, and prescription drug benefits coverage through the City's fully insured, active employee plan until the retiree becomes eligible for Medicare. There are six individuals that retired prior to July 1, 2012 that the City covers under separate billing. Medicare eligible retirees have benefits provided under the BCBS Medicare Supplement Plan F and Medicare Part D prescription drug plan. Retiree benefits are not provided for spouses and dependents.

*Plan Membership*

As of June 30, 2021, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	11
Active Members	56
Total Membership	<u>67</u>

*Plan Benefits and Contributions*

The City pays the full cost of the OPEB Plan for the full life of each eligible retiree. Currently, the City pays for plan benefits on a "pay as you go" basis. These financial statements assume that a "pay as you go" basis will continue for the immediate future but at some point in the future the City will begin to fund an account that will be restricted for plan benefits.

Medical, vision, prescription drug, and life insurance benefits coverage is provided through the City's fully insured, active employee plan until the retiree becomes eligible for Medicare. Medicare eligible retirees have benefits provided under the BCBS Medicare Supplement Plan F and Medicare Part D prescription drug plan. A \$10,000 term life insurance benefit is provided to retirees (face value decreases to \$5,000 at age 70). Retiree benefits are not provided for spouses and dependents except through special arrangement. Currently, only one retiree has spouse coverage provided by the City.



CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

*Plan Benefits and Contributions (Continued)*

The 2023 monthly medical premium for coverage prior to Medicare eligibility is \$463 per retiree. Once a retiree is Medicare eligible, the retiree’s coverage is through BCBS Medicare Supplement Plan F (“Plan F”).

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

*Actuarial Assumptions and Method*

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	Jne 30, 2022
Acuarial Cost Method	Entry Age normal
Assets Backing OPEB Liability	None
Plan Asset Return	0.00%
Bond Yield	3.54%
Discount Rate	3.54%
Measurement Date	June 30, 2022
Prior Measurement Date	June 30, 2021
Prior Year Discount Rate	2.16%
Projected Salary Increases	3.00%
Percentage Participation	100.00%
Mortality Table	PUB-2010 Mortality Table

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

*Long-Term Expected Rate of Return*

The long-term expected rate of return on OPEB Plan investments is 3.54% at June 30, 2023, which is the municipal bond rate as the OPEB Plan does not have any investments in an irrevocable trust, as defined by GASB 75.

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

The City's OPEB liability was measured as of June 30, 2022 and the OPEB liability and expense as of June 30, 2023 were calculated using the Entry Age normal as discussed above.

	<u>OPEB Liability</u>
Balance as of June 30, 2022	\$ 4,982,377
Changes for the year:	
Service Cost	260,169
Interest	106,414
Difference Between Expected/Actual Experience	45,781
Changes of Assumptions or Other Inputs	(1,265,639)
Benefit Payments and Implicit Subsidy Credit	<u>(112,194)</u>
Net Changes	<u>(965,469)</u>
Balance as of June 30, 2023	<u>\$ 4,016,908</u>

Changes of assumptions reflect a change in the discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. Benefit payments include explicit payments of \$109,294 and implicit payments of \$2,900.

For the year ended June 30, 2023, the City recognized OPEB expense of approximately \$68,000. The City deferred inflows of resources and deferred outflows of resources related to its OPEB Plan was approximately \$2,270,000 and approximately \$935,000, respectively, as of June 30.

*Discount Rate*

The discount rate (long-term expected rate of return on OPEB Plan investments) used to measure the OPEB liability was 3.54% as June 30, 2022, which is the municipal bond rate as the OPEB Plan does not have any investments in an irrevocable trust as defined by GASB 75.

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

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

The following table presents the sensitivity of the City's OPEB liability to changes in the discount rate, calculated using the discount rate of 3.54%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.54%) or 1% point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
OPEB Liability	\$ 4,886,171	4,016,908	\$ 3,346,030

*Sensitivity of the OPEB Liability to Changes in the Medical Cost Trend Rate*

The following table presents the sensitivity of the City's OPEB liability to changes in the medical cost trend rate, calculated using the medical cost trend rate of 7.00%, as well as what it would be if it were calculated using a medical cost trend rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Medical Cost Trend Rate (7.00%)	1% Increase (8.00%)
OPEB Liability	\$ 3,240,144	4,016,908	\$ 5,068,215

CITY OF MULLINS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

**D. Contingent Liabilities and Commitments**

*Anderson Center Project*

During 2002, the City began the Anderson Center Project ("Project") and entered into several agreements with the Mullins Revitalization Limited Partnership ("Partnership"). The Partnership is responsible for carrying out the development, ownership, and operation of this Project. This Project is providing affordable rental housing to low income, elderly persons. Five downtown buildings were renovated into 22 apartment units and 4 storefronts. The City loaned the Partnership the monies from its community development block grant ("CDBG") of approximately \$330,000 and Home Mortgage and Mortgage Education ("HOME") grant of approximately \$400,000. The CDBG loan of \$330,000 bears no interest and will be repaid in annual maximum installments of \$16,500 beginning December 31<sup>st</sup> following the 31<sup>st</sup> anniversary of the completion date.

Any unpaid principal remaining following the 50<sup>th</sup> anniversary of the completion date, shall be due and payable on December 31<sup>st</sup> following the 51<sup>st</sup> anniversary of the completion date. The Partnership is paying back \$200,000 of the HOME loan directly to the State Housing Finance and Development Authority. The remaining \$200,000 is non-interest bearing and calls for 20 consecutive installments of \$10,000 commencing on December 31, 2034 and continuing through December 31, 2053. The City also has a signed promissory note from the Partnership for \$80,000. This amount represents the City's cash match of \$50,000 and in-kind services performed by the City of \$30,000. The terms of this note are similar to the terms of the above grant notes. Due to the time frame and uncertainty of the payback of the above loans, a note receivable has not been recorded on the City's books.

*Mullins Technology Center*

There were renovations to the Mullins Technology Center ("Center") that were funded using an Economic Development Administration ("EDA") grant of \$200,000. Subsequently, EDA placed a mortgage on the real estate that houses the Center for \$200,000. This mortgage is for 20 years from October 14, 2003 which was the date it was filed. This debt shall become due and payable to the EDA by the City upon the transfer or alienation of the real estate in violation of the financial assistance award. The City does not currently have any plans to change the use of this real estate and thus has not recorded any payable on its books related to this matter.

*Grants*

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2023.

*Litigation*

The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

**E. Subsequent Events**

Subsequent events were evaluated through the date in which the financial statements were available to be issued which was September 19, 2024.

## CITY OF MULLINS, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes - Property	\$ 1,789,157	1,789,157	1,899,200	\$ 110,043
Privilege Licenses amd Payments in Lieu of License	630,000	630,000	1,058,618	428,618
Sanitation Charges	900,000	900,000	790,971	(109,029)
Police Fines	37,000	37,000	12,628	(24,372)
State Shared Revenue	340,000	340,000	199,083	(140,917)
Recreation Department Receipts	57,000	57,000	64,679	7,679
Interest	550	550	9,918	9,368
Grants	400,000	400,000	38,100	(361,900)
Miscellaneous	102,040	102,040	74,682	(27,358)
Fire Department	409,000	409,000	323,823	(85,177)
Building Department	-	-	17,526	17,526
School Resource Officer	150,000	150,000	150,000	-
Museum	5,000	5,000	11,413	6,413
TOTAL REVENUES	4,819,747	4,819,747	4,650,641	(169,106)
EXPENDITURES				
Current:				
General Government	923,889	923,889	1,126,474	202,585
Streets Department	641,592	641,592	814,315	172,723
Court Administration Department	50,404	50,404	23,984	(26,420)
Police Department	1,498,639	1,498,639	1,366,208	(132,431)
Fire Department	750,530	750,530	928,586	178,056
Recreation Department	279,286	279,286	277,496	(1,790)
Sanitation Department	549,554	549,554	326,361	(223,193)
Maintenance	45,858	45,858	48,212	2,354
Museum	88,624	88,624	86,673	(1,951)
Capital Outlay	-	-	1,385,166	1,385,166
Debt Service:				
Principal	122,960	122,960	265,109	142,149
Interest	-	-	40,983	40,983
TOTAL EXPENDITURES	4,951,336	4,951,336	6,689,567	1,738,231
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,589)	(131,589)	(2,038,926)	(1,907,337)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	20,000	20,000	-	(20,000)
Insurance proceeds	-	-	30,151	30,151
Lease Proceeds	-	-	32,633	32,633
Transfers In	70,000	70,000	193,993	123,993
TOTAL OTHER FINANCING SOURCES (USES)	90,000	90,000	256,777	166,777
NET CHANGE IN FUND BALANCE	(41,589)	(41,589)	(1,782,149)	(1,740,560)
FUND BALANCE, BEGINNING OF YEAR	2,778,667	2,778,667	2,778,667	-
FUND BALANCE, END OF YEAR	\$ 2,737,078	2,737,078	996,518	\$ (1,740,560)

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

The City's original and final budget reflected an expected decrease of fund balance of \$41,589.

**CITY OF MULLINS, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -  
LOCAL HOSPITALITY TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2023**

	<b>BUDGETED AMOUNTS</b>			
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>				
Taxes - Hospitality Fees	\$ 181,000	181,000	187,246	\$ 6,246
Interest	-	-	537	537
<b>TOTAL REVENUES</b>	<b>181,000</b>	<b>181,000</b>	<b>187,783</b>	<b>6,783</b>
<b>EXPENDITURES</b>				
Current:				
General Government	33,400	33,400	16,413	16,987
Debt Service:				
Principal	55,000	55,000	65,000	(10,000)
Interest	22,600	22,600	12,285	10,315
<b>TOTAL EXPENDITURES</b>	<b>111,000</b>	<b>111,000</b>	<b>93,698</b>	<b>17,302</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>70,000</b>	<b>70,000</b>	<b>94,085</b>	<b>24,085</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to the General Fund	(70,000)	(70,000)	-	70,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>-</b>	<b>70,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>94,085</b>	<b>94,085</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>132,929</b>	<b>132,929</b>	<b>132,929</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 132,929</b>	<b>132,929</b>	<b>227,014</b>	<b>\$ 94,085</b>

The Local Hospitality Tax Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF MULLINS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULE

SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB Liability:						
Service Cost	\$ 260,169	\$ 304,911	\$ 192,365	\$ 172,707	\$ 184,998	\$ 214,764
Interest	106,414	114,633	132,128	170,580	157,108	139,216
Differences Between Expected and Actual Experience	45,781	(448,703)	(10,067)	(1,130,256)	(15,969)	(545)
Changes of Assumptions	(1,265,639)	(125,607)	1,180,185	222,763	(264,850)	(497,433)
Benefit Payments, Including Implicit and Explicit Benefits	(112,194)	(99,203)	(66,105)	(70,762)	(62,708)	(73,263)
Net Change in Total OPEB Liability	(965,469)	(253,969)	1,428,506	(634,968)	(1,421)	(217,261)
OPEB Liability - Beginning of Year	4,982,377	5,236,346	3,807,840	4,442,808	4,444,229	4,661,490
OPEB Liability - End of Year	<u>\$ 4,016,908</u>	<u>\$ 4,982,377</u>	<u>\$ 5,236,346</u>	<u>\$ 3,807,840</u>	<u>\$ 4,442,808</u>	<u>\$ 4,444,229</u>
Covered-Employee Payroll	\$ 1,454,444	\$ 1,454,444	\$ 1,431,705	\$ 1,431,705	\$ 1,501,002	\$ 1,501,002
OPEB Liability as a Percentage of Covered-Employee Payroll	276.18%	342.56%	365.74%	265.97%	295.99%	296.08%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

The City adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

Significant Changes of Assumptions

Discount Rate	2.16%	2.16%	2.21%	3.50%	3.87%	3.56%
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CITY OF MULLINS  
MULLINS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.006253%	0.005511%	0.005454%	0.005875%	0.007367%	0.007531%	0.007710%	0.008232%	0.008386%	0.008386%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,515,771	\$ 1,192,637	\$ 1,393,468	\$ 1,341,545	\$ 1,650,609	\$ 1,695,349	\$ 1,646,845	\$ 1,561,238	\$ 1,443,791	\$ 1,504,149
City's Covered-Employee Payroll	\$ 744,541	\$ 622,961	\$ 608,403	\$ 620,401	\$ 763,379	\$ 759,833	\$ 746,630	\$ 773,243	\$ 761,358	\$ 780,124
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	203.58%	191.45%	229.04%	216.24%	216.22%	223.12%	220.57%	201.91%	189.63%	192.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.  
The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.  
The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.  
The discount rate was lowered from 7.25% to 7.00% for the year ended June 30, 2022.



CITY OF MULLINS  
MULLINS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	Year Ended June 30, 2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 147,026	\$ 123,296	\$ 96,933	\$ 94,667	\$ 90,330	\$ 103,514	\$ 87,837	\$ 82,577	\$ 84,284	\$ 80,704
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	139,410	115,680	89,317	94,667	82,714	95,898	87,837	82,577	84,284	80,704
Contributions from the State	7,616	7,616	7,616	-	7,616	7,616	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 837,277	\$ 744,541	\$ 622,961	\$ 608,403	\$ 620,401	\$ 763,379	\$ 759,833	\$ 746,630	\$ 773,243	\$ 761,358
Contributions as a Percentage of Covered-Employee Payroll:	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

CITY OF MULLINS  
MULLINS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	Year Ended June 30,		2017	2016	2015	2014
					2019	2018				
City's Proportion of the Net Pension Liability	0.06250%	0.06322%	0.06312%	0.06564%	0.06175%	0.00666%	0.00742%	0.07190%	0.07916%	0.07916%
City's Proportionate Share of the Net Pension	\$ 1,874,266	\$ 1,626,571	\$ 2,093,142	\$ 1,881,251	\$ 1,749,719	\$ 1,825,041	\$ 1,881,100	\$ 1,566,971	\$ 1,515,480	\$ 1,640,986
City's Covered-Employee Payroll	\$ 989,072	\$ 950,618	\$ 953,497	\$ 952,106	\$ 854,716	\$ 897,132	\$ 945,467	\$ 889,254	\$ 952,101	\$ 937,296
Covered-Employee Payroll	189.50%	171.11%	219.52%	197.59%	204.71%	203.43%	198.96%	176.21%	159.17%	175.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.  
The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.  
The discount rate was lowered from 7.25% to 7.00% for the year ended June 30, 2022.

CITY OF MULLINS  
MULLINS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS  
POLICE OFFICERS' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 216,115	\$ 190,298	\$ 173,393	\$ 173,918	\$ 164,143	\$ 138,806	\$ 127,752	\$ 129,907	\$ 119,250	\$ 122,250
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	206,394	180,577	163,672	173,918	154,422	129,085	127,752	129,907	119,250	122,250
Contributions from the State	9,721	9,721	9,721	-	9,721	9,721	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 1,067,761	\$ 989,072	\$ 950,618	\$ 953,497	\$ 952,106	\$ 854,716	\$ 897,132	\$ 945,467	\$ 889,254	\$ 952,101
Contributions as a Percentage of Covered-Employee Payroll:	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

## CITY OF MULLINS, SOUTH CAROLINA

## SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
Taxes - Property			
Property	\$ 1,469,157	1,567,548	\$ 98,391
Delinquent	-	124,971	124,971
Local Option	320,000	206,681	(113,319)
Privilege Licenses and Payments in Lieu of License	630,000	1,058,618	428,618
Sanitation Charges	900,000	790,971	(109,029)
Police Fines	37,000	12,628	(24,372)
State Shared Revenue			
Local Government Fund	300,000	170,063	(129,937)
Accommodations Tax	40,000	29,020	(10,980)
Recreation Department Receipts	57,000	64,679	7,679
Interest	550	9,918	9,368
Grants	400,000	38,100	(361,900)
Miscellaneous	102,040	74,682	(27,358)
Fire Department	409,000	323,823	(85,177)
Building Department Fees	-	17,526	17,526
School Resource Officer	150,000	150,000	-
Museum	5,000	11,413	6,413
<b>TOTAL REVENUES</b>	<b>\$ 4,819,747</b>	<b>4,650,641</b>	<b>\$ (169,106)</b>
<b>EXPENDITURES</b>			
General Government:			
Salaries	233,436	250,364	(16,928)
Contractual Services	36,044	119,789	(83,745)
Hospital Insurance	127,830	126,525	1,305
Payroll Taxes	17,858	19,102	(1,244)
Retirement	40,991	45,023	(4,032)
Accounting and Legal	75,200	96,882	(21,682)
Advertising	4,000	3,580	420
Utilities	8,500	12,975	(4,475)
Telephone	13,345	7,204	6,141
Office Supplies	5,000	11,789	(6,789)
Insurance and Workmen's Compensation	285,000	302,013	(17,013)
Municipal Dues and Fees	6,000	5,039	961
Supplies and Minor Equipment	5,000	16,614	(11,614)
Maintenance to Building	5,000	14,129	(9,129)
Gas, Oil, and Tires	-	184	(184)
Travel and Meals	15,000	20,530	(5,530)
Tax- Housing Authority	2,500	2,500	-
Miscellaneous	32,500	56,287	(23,787)
Marion County Drug Program	\$ 2,500	4,010	\$ (1,510)

CITY OF MULLINS, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
General Government:			
Employee Christmas Expenses	\$ 3,000	3,432	\$ (432)
Sales and Use Tax	500	261	239
Unemployment Insurance	500	785	(285)
Training	3,685	6,311	(2,626)
Uniforms	500	1,146	(646)
Capital Outlay	-	145,612	(145,612)
Debt Service:			
Principal	-	4,079	(4,079)
Interest	-	326	(326)
Total General Government	923,889	1,276,491	(352,602)
Streets Department:			
Salaries	314,090	246,598	67,492
Temporary Staffing	-	53,838	(53,838)
Hospital Insurance	73,675	40,946	32,729
Payroll Taxes	21,979	18,434	3,545
Retirement	45,004	45,421	(417)
Utilities	78,344	158,328	(79,984)
Telephone	5,000	6,395	(1,395)
Supplies and Minor Equipment	15,000	88,105	(73,105)
Maintenance to Equipment	35,000	43,624	(8,624)
Maintenance to Buildings	5,000	934	4,066
Gas, Oil, and Tires	35,000	88,906	(53,906)
Uniforms	10,000	12,008	(2,008)
Miscellaneous	3,500	3,319	181
Contractual Services - Landfill Fees	-	7,459	(7,459)
Capital Outlay	-	152,228	(152,228)
Total Streets Department	\$ 641,592	966,543	\$ (324,951)

## CITY OF MULLINS, SOUTH CAROLINA

## SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
Court Administration Department:			
Salaries	\$ 16,255	12,235	\$ 4,020
Hospital Insurance	17,775	191	17,584
Payroll Taxes	1,245	180	1,065
Retirement	2,529	4,502	(1,973)
Contractual Services	7,200	4,650	2,550
Legal Costs	1,000	-	1,000
Dues and Fees	200	206	(6)
Travel and meals	3,000	1,940	1,060
Education and Training	1,000	-	1,000
Miscellaneous	200	80	120
Total Court Administration Department	50,404	23,984	26,420
Police Department:			
Salaries	806,927	755,708	51,219
Hospital Insurance	173,411	131,546	41,865
Payroll Taxes	60,583	57,163	3,420
Retirement	144,447	155,924	(11,477)
Utilities	-	1,907	(1,907)
Telephone	15,000	16,674	(1,674)
Dues and Fees	2,000	2,508	(508)
Supplies and Minor Equipment	20,000	24,698	(4,698)
Maintenance to Equipment	11,000	11,252	(252)
Maintenance to Building	-	100	(100)
Gas, Oil, and Tires	55,000	53,187	1,813
Travel and meals	2,000	514	1,486
Uniforms	10,000	17,366	(7,366)
Education and Training	2,000	3,307	(1,307)
National Night Out	2,000	-	2,000
Prisoner Expenditures	500	-	500
Victim's Advocate	-	1,690	(1,690)
Miscellaneous	4,000	2,274	1,726
Marion County Law Enforcement	35,000	35,000	-
Contractual Services	154,771	95,390	59,381
Debt Service:			
Principal	-	79,408	(79,408)
Interest	-	8,846	(8,846)
Total Police Department	1,498,639	1,454,462	44,177
Fire Department:			
Salaries	333,714	378,208	(44,494)
Hospital Insurance	65,556	53,300	12,256
Payroll Taxes	23,234	28,107	(4,873)
Retirement	\$ 61,472	67,392	\$ (5,920)

## CITY OF MULLINS, SOUTH CAROLINA

## SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
Fire Department:			
Utilities	\$ 20,404	30,833	\$ (10,429)
Telephone	5,000	7,547	(2,547)
Office Supplies	1,500	2,824	(1,324)
Dues and Fees	2,000	1,234	766
Supplies and Minor Equipment	17,000	126,916	(109,916)
Maintenance to Equipment	90,000	103,662	(13,662)
Maintenance to Building	21,650	15,608	6,042
Gas, Oil, and Tires	40,000	48,795	(8,795)
Travel and Meals	4,000	1,312	2,688
Uniforms	5,000	9,255	(4,255)
Education and Training	3,000	2,499	501
Miscellaneous	2,000	5,940	(3,940)
Professional Service	20,000	10,154	9,846
Marion County Fire Service	35,000	35,000	-
Capital Outlay	-	1,087,326	(1,087,326)
Debt Service:			
Principal	122,960	101,207	21,753
Interest	-	23,306	(23,306)
Total Fire Department	873,490	2,140,425	(1,266,935)
Recreation Department:			
Salaries	138,433	100,011	38,422
Officials	30,000	26,836	3,164
Temporary Staffing			
Hospital Insurance	13,600	89	13,511
Payroll Taxes	10,590	7,424	3,166
Retirement	20,213	11,258	8,955
Utilities	20,000	29,164	(9,164)
Telephone	1,000	1,418	(418)
Office Supplies	100	-	100
Dues and Fees	1,000	2,988	(1,988)
Contractual Services	250	-	250
Supplies and Minor Equipment	25,000	63,732	(38,732)
Maintenance on Equipment	2,000	3,487	(1,487)
Maintenance on Building	2,000	8,539	(6,539)
Gas, Oil, and Tires	3,000	3,404	(404)
Travel and Meals	1,500	2,167	(667)
Training	500	-	500
Uniforms	100	-	100
Canteen	4,000	15,155	(11,155)
Miscellaneous	6,000	1,824	4,176
Capital Outlay	-	-	-
Total Recreation Department	\$ 279,286	277,496	\$ 1,790

## CITY OF MULLINS, SOUTH CAROLINA

## SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
Sanitation Department:			
Salaries	\$ 131,252	109,803	\$ 21,449
Hospital Insurance	32,333	19,728	12,605
Payroll Taxes	9,658	8,424	1,234
Retirement	18,382	18,939	(557)
Telephone	2,500	-	2,500
Supplies and Minor Equipment	20,000	228	19,772
Maintenance on Equipment	40,000	-	40,000
Gas, Oil, and Tires	35,000	19,955	15,045
Miscellaneous	2,000	-	2,000
Contractual Services - Landfill Fees	168,000	149,284	18,716
Debt Service:			
Principal	90,429	80,415	10,014
Interest	-	8,505	(8,505)
Total Maintenance Department	549,554	415,281	134,273
Maintenance Department:			
Salaries	25,502	28,743	(3,241)
Hospital Insurance	6,468	6,721	(253)
Payroll Taxes	1,875	2,174	(299)
Retirement	3,813	5,204	(1,391)
Utilities	2,000	2,333	(333)
Telephone	200	184	16
Supplies and Minor Equipment	4,000	811	3,189
Maintenance on Equipment	1,000	12	988
Gas, Oil, and Tires	1,000	2,030	(1,030)
Total Maintenance Department	45,858	48,212	(2,354)
Museum Department			
Salaries	35,892	38,222	(2,330)
Hospital Insurance	10,905	16,139	(5,234)
Payroll Taxes	2,746	2,639	107
Retirement	5,481	5,807	(326)
Utilities	7,000	8,156	(1,156)
Telephone	600	575	25
Office Supplies	200	946	(746)
Supplies and Minor Equipment	500	3,382	(2,882)
Maintenance on Building	20,000	1,166	18,834
Exhibitions	1,000	2,611	(1,611)
Travel and Meals	200	1,221	(1,021)
Museum Purchases	3,000	4,338	(1,338)
Marketing	1,100	1,378	(278)
Miscellaneous	-	93	(93)
Total Museum Department	88,624	86,673	1,951
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,951,336</b>	<b>6,689,567</b>	<b>\$ (1,738,231)</b>



CITY OF MULLINS, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - DETAILED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (131,589)</b>	<b>(2,038,926)</b>	<b>\$ (1,907,337)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	20,000	-	(20,000)
Insurance Proceeds	-	30,151	30,151
Lease Proceeds	-	32,633	32,633
Transfer from Hospitality Tax Fund	70,000	-	(70,000)
Trnasfer from Special Revenue Fund	-	193,993	193,993
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>90,000</b>	<b>256,777</b>	<b>166,777</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(41,589)</b>	<b>(1,782,149)</b>	<b>(1,740,560)</b>
FUND BALANCES, BEGINNING OF YEAR	2,778,667	2,778,667	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,737,078</b>	<b>996,518</b>	<b>\$ (1,740,560)</b>

## CITY OF MULLINS, SOUTH CAROLINA

## UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2023

## FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			23,559	23,559
Court fines and assessments remitted to State Treasurer			(12,485)	(12,485)
<b>Total Court Fines and Assessments retained</b>			<b>11,074</b>	<b>11,074</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			263	263
Assessments retained			1,141	1,141
<b>Total Surcharges and Assessments retained for victim services</b>			<b>1,404</b>	<b>1,404</b>

## FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>1,000</b>		<b>1,000</b>
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	1,141		1,141
Victim Service Surcharges Retained by City/County Treasurer	263		263
Interest Earned			
Grant Funds Received			
General Funds Transferred to Victim Service Fund			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>2,404</b>		<b>2,404</b>
<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits	-		-
Operating Expenditures	1,690		1,690
<b>Victim Service Contract(s):</b>			
(1) Marion County	-		-
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>1,690</b>		<b>1,690</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
<b>Less: Prior Year Fund Deficit Repayment</b>			
<b>Carryforward Funds – End of Year</b>	<b>714</b>		<b>714</b>

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September 19, 2024

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mullins, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mullins, South Carolina's basic financial statements and have issued our report thereon dated September 19, 2024.

### Report on Internal Control Over Financial Reporting

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

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

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

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

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

### **Purpose of this Report**

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

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock & Godwin, LLP  
Camden, South Carolina