



ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED JUNE 30, 2023

City of Cayce, South Carolina
www.caycesc.gov

**CITY OF CAYCE
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

**TRACY L. HEGLER, AICP
City Manager**

**JAMES E. CROSLAND
Deputy City Manager**

**MICHAEL CONLEY
Assistant City Manager**

**Prepared by:
Finance Department**

CITY OF CAYCE, SOUTH CAROLINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

City of Cayce, South Carolina



Contact Us
803-796-9020



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December 7, 2023

To the Honorable Mayor, Members of City Council, and the Citizens of Cayce:

We are pleased to submit the Annual Comprehensive Financial Report of the City of Cayce, South Carolina for the Fiscal Year Ended June 30, 2023 (FY 2023). The report contains a comprehensive analysis of the City's financial position and activities for the period. This report is presented in three sections: 1) Introductory Section consisting of this transmittal letter, a listing of City officials, and the organization structure; 2) Financial Section, which consists of the independent auditor's report, management's discussion and analysis, basic financial statements, notes to the financial statements, required supplemental information along with detailed combined and individual fund statements; 3) Statistical Section, which contains pertinent financial and general information indicating trends for comparative fiscal periods.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Cayce. We believe the enclosed information is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America (GAAP); and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. Management has established and maintains a system of internal control to provide for this assurance.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, the City of Cayce's financial statements have been audited by the firm of Mauldin and Jenkins, C.P.A., P.A., and Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit, procedures, and their opinion. The independent auditor has rendered an unmodified opinion on the City of Cayce's financial statements for the year ended June 30, 2023, in that they are fairly presented in accordance with GAAP.

The Management's Discussion and Analysis Section of this report contains discussion on the City of Cayce's current financial activities for the year ended June 30, 2023.

Mayor

Elise Partin

Mayor Pro-Tem

James E. Jenkins

Council Members

Phil Carter

Tim James

Hunter Sox

City Manager

Tracy Hegler, AICP

Deputy City

Manager

James E. Crosland

Assistant City

Manager

Michael Conley

City Treasurer

Kelly McMullen,

CGFO

City Clerk

Mendy Corder

(803) 796-9020

Fax: (803) 796-9072

1800 12th Street

PO Box 2004

Cayce, SC 29171

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, the government’s organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements, the combining and individual fund financial statements, and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The governmental auditing standards section includes the auditor’s reports on the internal control structure and compliance with applicable laws and regulations.

This report includes all funds of the City of Cayce. The City provides a full range of services, which include police and fire protection; sanitation services; the maintenance of highways, streets, and infrastructure; recreational activities; planning and zoning, in addition to general government activities. The City also has a hospitality tax fund that accounts for tourism related activities. The City owns and operates a municipal water and sewer system serving residents and businesses within its corporate limits and in the territory adjacent thereto. Therefore, this activity also is included in the reporting entity.

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

Profile of the Government

The City of Cayce (the “City” or “Cayce”) was incorporated in 1914 and is located along the Congaree River in Lexington and Richland counties in the central midlands of South Carolina.

The City serves a population of approximately 13,649 and is empowered to levy a property tax on both real and personal property located within its corporate limits. It is also empowered by State Statute to extend its corporate limits by voluntary annexation, which occurs periodically when deemed appropriate by the City Council.

The City operates under a council-manager form of government. Policy making and legislative authority are vested with the City Council comprised of a mayor and four council members (elected from single member districts). The City Council is responsible, among other things, for passing ordinances, adopting a budget, hiring the City Manager, and selecting the independent auditor to audit the financial statements. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. All four council members are elected by district. The mayor is elected at large.

The annual budget serves as the foundation for the City’s financial planning and control. The South Carolina General Statutes require all governmental units to adopt a balanced budget by July 1st of each year for all funds for which an annual budget is required. Activities of the General Fund, and the Water and Sewer Utility Fund are budgeted annually. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Cayce operates.

Local Economy – The City of Cayce is located near the City of Columbia, the state capital of South Carolina. The City is part of the greater Columbia Metropolitan area which has been experiencing stable economic conditions. The City and its neighbors, the Cities of West Columbia and Columbia, have built a regional park system along the banks of the Congaree River. The portion located in the City is known as the Cayce Riverwalk Park and it is part of the Three Rivers Greenway project. The Riverwalk Park is located from the border of the City of West Columbia to the Timmerman Trail that connects to the Lexington County Recreation and Aging Commission Tennis Center next to I-77. This is a joint effort among several agencies. Dominion Energy has also connected their corporate headquarters to the Cayce Riverwalk through the Timmerman Trail for the enjoyment of their employees and visitors.

The Congaree River has always played a dominant role of strategic importance in Cayce’s development from the early days when barge and boat traffic from the low country were a part of everyday commerce on the river. Cayce became an outpost for this trade. The Cayce Riverwalk Park includes a public nature park along the river with amenities such as lighted boardwalks and concrete walkways, picnic shelters, park benches, and river over-looks with magnificent views of the Columbia skyline. Development on both sides of the river is a driving force in the continuing economic development of the City of Cayce.

Economic development on the 12th Street Extension corridor continues. The Lexington County Medical Park that was finished in 2018 and continues to add to the City’s tax base and enhance the master plan. The townhome project known as Otarre Point was completed in 2018, adding 299 upscale townhomes, and construction was completed a couple years ago on a 100-unit Marriott Hotel. An approximately 60-acre tract of land, referred to as Southern Commons, has sold and is currently under plans for a combination of retail, entertainment, office, and residential land uses (estimated to be a \$65 million investment). A development of this type and size will serve as a catalyst for the development of the surrounding area and supporting corridors. Construction on the Matheson Gas and Liquid Oxygen facility has been completed and is currently operational. This company is supporting CMC Steel and will help to grow the property tax and business license base. Also, recently completed on the 12th Street extension is a rehabilitation center housing 44 beds.

Sitework and planning continue to develop a Visitors Center at the 12,000 Year History Park, which is being spurred by two (2) separate million-dollar investments from the State. Located along the Congaree Creek and Timmerman Trail, the 12,000 Year History Park is a unique archeological site in Cayce, where history and nature converge. The park boasts archeological remnants of at least 12,000 years of continuous human activity, including undisturbed earthworks from an 1865 Civil War battle. Throughout this time, the area has had an array of inhabitants, including mammoths, Native American tribes and Revolutionary and Civil War soldiers. The City provides guided historical walking tours of the Park all year long, led by National Park Service trained volunteers. These tours are filled with stories of the Battle of Congaree Creek, Fort Congaree and Native American Lifeways. There are also special events including Nature Days, Civil War Encampments and Lantern Tours.

The City of Cayce has been diligently working for years to build a Visitor Center to highlight this treasure. The building will orient visitors to the site and provide a space to host educational programs for children and adults. The Visitor Center is projected to attract 150,000 visitors a year.

In December 2019 Steel Hands Brewery opened. This is an on-premises brewery and restaurant that manufactures their own brand of beer to sell to the public and to other commercial businesses within a several state region. Their continued production and sales are still growing rapidly.

An upscale apartment community similar to Advenir at One Eleven, called Indigo at Brickworks, is complete and is occupied. We were also happy to see a new Starbucks coffee shop, East Bay Deli, Firehouse Subs, a climbing gym and Poke Bowl open on Knox Abbott. We believe this will help encourage new restaurants and will continue to enhance the Knox Abbott corridor. We continue to see more vacant and underutilized buildings and property being rehabbed and occupied along Knox Abbott which includes the construction of a new Lexington Urgent Care and rehabilitation of an old bank building into a new restaurant.

The City of Cayce has established and is now expanding a River Arts District to encourage an artist community and revitalize the historic downtown State Street area. In the past several years, eight (8) new businesses have moved to State Street, a multi-purpose Art Lot has been developed, buildings are being restored and many pieces of public art, funded predominantly by third-party grants, have been installed. Its growth is expected to rapidly continue as we receive great interest from businesses wishing to relocate here.

Other known projects include the Saxe Gotha Industrial Park that Lexington County is continuing to expand in the unincorporated area abutting Cayce City Limits. The City of Cayce has agreements in place to provide water and sewer service to the industrial park. This more than 400 acre industrial park is being developed off of 12th Street and will extend almost to the 12th Street interchange of Interstate 77 at Exit 2. Lexington County has expanded 12th Street to four lanes to accommodate the expected growth. Amazon has a distribution center within the Industrial Park and, though not within the City of Cayce, is having a beneficial impact on Cayce and the surrounding area. Nephron, a pharmaceutical company built within the Industrial Park, has also helped maintain great water and sewer sales, and is currently under a large expansion.

The City of Cayce and Lexington County have consistently demonstrated a commitment to provide adequate infrastructure, services and quality of life initiatives for the citizens and businesses in the Cayce greater area. By offering the Fee-in-Lieu Abatement Programs, the County and City encourage expansion and relocation of new industries into the City to establish a spirit of opportunity for those living in this area.

The City continues to provide water and sewer service to the South Carolina State Farmer's Market. The farmer's market, relocated from Bluff Road in Richland County (across the street from USC's William Brice Stadium) to Lexington County on US Highway 321, and continues to experience growth, which includes the relocation of state Department of Natural Resources (DNR) state offices.

To better position the City for residential growth, the City commissioned a housing study in 2020 to identify trends in housing. This study outlined current demographic data, assessed housing demand and supply and recommended policies that is helping Council make decisions on how to grow wisely, all while protecting the integrity and attractiveness of our existing neighborhoods. We are receiving frequent inquiries about new housing developments.

Long-Term Financial Planning – Revenue forecasts for the next several years suggests that new residential and commercial construction and continued economic growth throughout the City and region will keep pace with the operational needs of the various departments. To help provide the highest standards for our residents, the City Council did implement a Hospitality Tax that is being used for the upkeep and expansion of our Parks system. Also, the City is aggressive (and successful) in its pursuit of grants to assist in the provision of excellent services without burdening our residents through tax increases.

The City continues to promote tourism with the Cayce Riverwalk Park on the Congaree River, the Cayce Historical Museum, and at the 12,000 Year History Park, which includes regular tours and the planned development of a Visitors Center to showcase this unique feature. These resources, as well as our abundant art, food and entertainment offerings are part of an ongoing targeted marketing effort to attract tourists to the City, which increase revenue sources such as business licenses, hospitality taxes and accommodations taxes.

Financial Information – Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls – In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated

budget approved by the government's governing body. Activities of the general fund only are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund.

The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The City Ordinances also provide for a non-appropriated budget for the proprietary and special revenue funds to facilitate the management review and approval process. As demonstrated by the statements and schedules included in the financial section of this report, the government continues meeting its responsibility for sound financial management.

Proprietary Operations – The government's enterprise operation is comprised of the water and sewer utility system. Several of the government's major initiatives directly relate to the water and sewer activities. The demand for housing in the City's water service area is at an all-time high, resulting in the construction of many new housing developments and an increased demand on water services.

Cash Management Policies and Practices – The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the government, its agent or a financial institution's trust department in the government's name. It is the policy of the City of Cayce to hold investments to maturity.

Risk Management – The City maintains an employee health insurance plan for all full-time employees through the South Carolina Public Employee Benefit Authority (PEBA), which is a state funded insurance program administered by Blue Cross / Blue Shield of South Carolina and workmen's compensation insurance through a municipal pool, the South Carolina Municipal Insurance Trust (SCMIT). Specific excess insurance, such as liability insurance, is provided through the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF).

Other Information

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and are submitting it to the GFOA.

Acknowledgments – The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff and finance department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report. In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible. We gratefully acknowledge the role played by the governing body.

Sincerely,



Kelly McMullen, CGFO
City Treasurer



Tracy Hegler, AICP
City Manager

CAYCE CITY COUNCIL

Elise Partin, Mayor

COUNCIL MEMBERS

James E. Jenkins, Mayor Pro-Tempore

Phil Carter

Tim James

Hunter Sox

CITY ADMINISTRATION

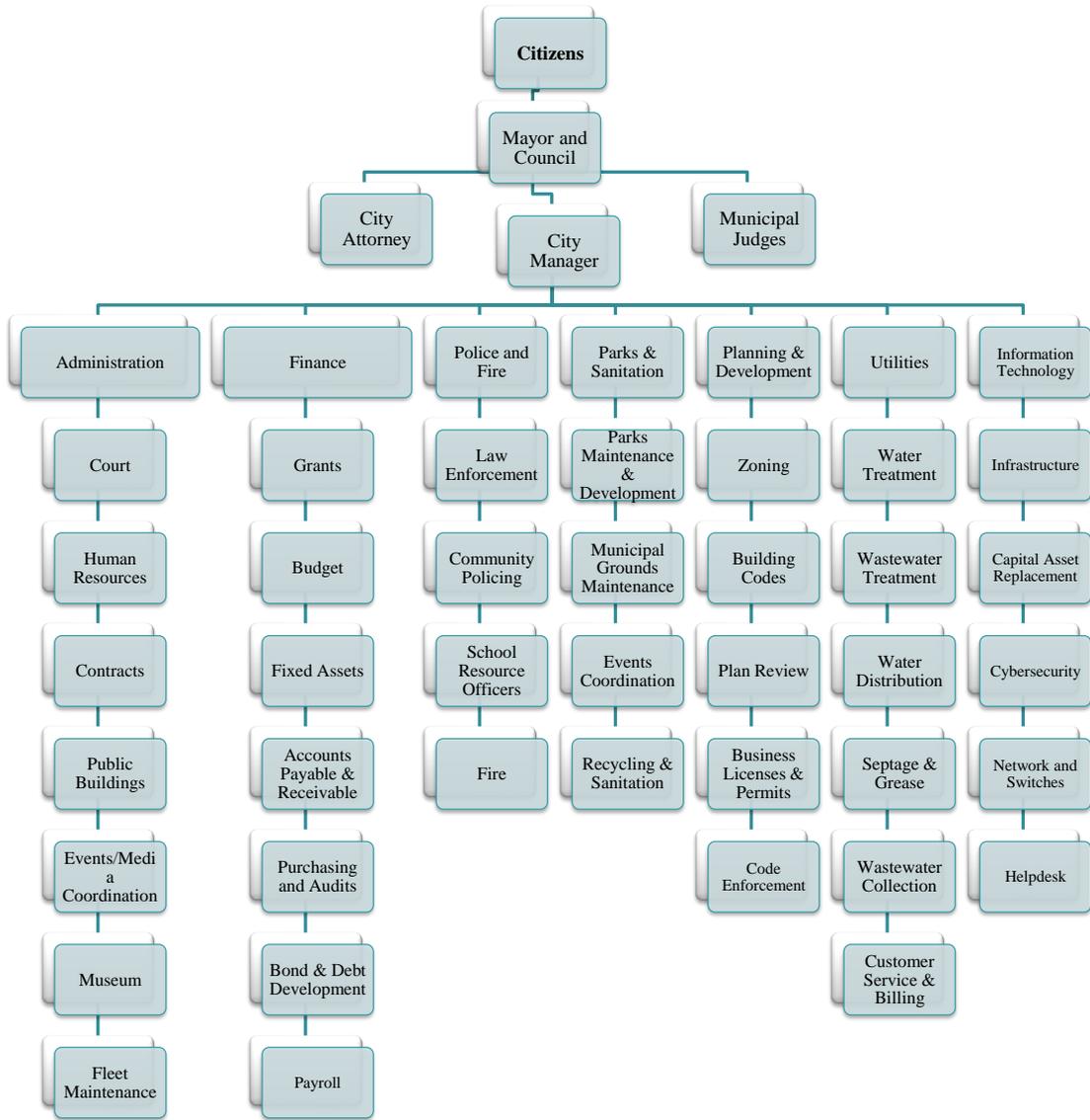
Tracy Hegler, AICP, City Manager

James E. Crosland, Deputy City Manager

Michael Conley, Assistant City Manager

Kelly McMullen, CGFO, City Treasurer

City of Cayce Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cayce
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

City of Cayce, South Carolina



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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members of the City Council
Cayce, South Carolina
Report on the Financial Statements**

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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'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'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 (on pages 5 through 11), the budgetary comparison for the General Fund (on page 74), the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 76), the Schedule of the City's Proportionate Share of the Net Pension Liability (on page 77), and the Schedule of the City's Contributions (on pages 78 and 79) 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 GAAS, 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the enterprise fund budget and actual schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, the enterprise fund budget and actual schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cayce, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 7, 2023

City of Cayce, SC

Management's Discussion and Analysis

The City of Cayce's (the "City") discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, in the financial statements and the notes to the financial statements.

Financial Highlights

- The City of Cayce's total assets and deferred outflows exceeded its total liabilities and deferred inflows on June 30, 2023 by \$115,907,549 (net position). The City's total net position increased \$2,812,068 with an increase of \$2,423,894 from governmental activities and an increase of \$388,174 resulting from business-type activities.
- The City's total assets increased \$2,138,998 over the prior year. This is due, in large part, to the City receiving the second tranche of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The remaining largely consists of depreciation expense and improvement projects that were underway as of June 30, 2023. Some of these projects include a stormwater improvement project on Axtell Drive, a brownsfield assessment study, upgrades to the City's Pump Station, and the expansion of the Septage Receiving Station. Detailed asset information can be found in Note 6.
- The City's total liabilities increased \$1,617,174 from the prior year. This increase is mostly attributable to the deferral of American Rescue Plan Funds – Tranche Two – into Fiscal Year ending June 30, 2024.
- The City's governmental fund balance sheet reported a combined ending fund balance of \$17,516,464, an increase of \$1,789,996 from the previous fiscal year. Of this amount, \$9,347,735 is unassigned.
- The City's General Fund reported actual revenues of \$1,121,514 over budgeted amounts and expenditures \$180,413 over budgeted appropriations. General Fund expenditures includes \$1,626,352 in capital outlay for projects funded by bond proceeds and grants, as well as \$493,505 in debt service.
- The City's governmental funds' total long-term liabilities increased by \$1,099,225 for the current fiscal year. The main reason for the increase of the governmental outstanding long-term liabilities is the issuance of new installment debt and an increase in net pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cayce's basic financial statements. The basic financial statements are comprised of three components: 1) governmentwide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements (continued)

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business. The statement of net position presents information on all the City’s assets, liabilities, and deferred inflows/outflows of resources with the difference between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cayce that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City’s governmental activities include general administration, police, fire, public works, and hospitality tax. The City’s business-type activities include a water and sewer utility system.

The government-wide financial statements can be found on pages 12 - 13 of this report.

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

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

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

The City of Cayce maintained two major governmental funds during the fiscal year 2022-2023. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund which are both major funds.

The City of Cayce adopts an annual appropriated budget for its General fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Overview of the Financial Statements (continued)

Proprietary funds – The City of Cayce maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility system.

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the City of Cayce’s water and sewer utility system, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 18 - 21 of this report.

Fiduciary funds – The City acts as agent, or fiduciary, for other resources. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on page 22 - 23 of this report.

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 on pages 24 - 73 of this report.

Government-wide Financial Analysis

The government-wide financial statements are provided as part of the approach mandated by the GASB, which sets the uniform standards for presenting government financial reports. These reports provide complete comparative information as summarized in this Management’s Discussion and Analysis. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of City of Cayce, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$115,907,549 at the close of the most recent fiscal year. The City’s increase in net position for this fiscal year amounts to \$2,812,068. The City’s increase in net position can be largely accounted for with significant changes to total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. The largest significant impact to net position for fiscal year 2022-2023 was related to SLFRF funding.

The City’s governmental activities total current assets increased by approximately \$3.79 million largely due to receiving Tranche Two of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) in the amount of \$3,487,148. Tranche Two of the SLFRF also had a direct effect on total liabilities for governmental activities, with unearned revenue increasing by approximately \$1.6 million, due to unspent or unallocated SLFRF funds at June 30, 2023.

The following page is a ‘condensed’ Statement of Net Position at June 30, 2023, which depicts the major components of the City’s assets, deferred outflows, liabilities, and net position (with comparative amounts for June 30, 2022).

Government-wide Financial Analysis (continued)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets and other	\$ 25,061,513	\$ 21,268,761	\$ 22,293,807	\$ 20,857,147	\$ 47,355,320	\$ 42,125,908
Capital assets, net	23,244,543	23,154,041	133,673,853	136,854,769	156,918,396	160,008,810
Total assets	48,306,056	44,422,802	155,967,660	157,711,916	204,273,716	202,134,718
Deferred outflows	2,868,688	3,107,243	1,573,619	1,823,418	4,442,307	4,930,661
Total assets and deferred outflows	51,174,744	47,530,045	157,541,279	159,535,334	208,716,023	207,065,379
Long-term liabilities	22,634,369	21,535,144	55,384,096	57,172,300	78,018,465	78,707,444
Other liabilities	8,449,559	6,270,031	4,410,698	4,284,073	12,860,257	10,554,104
Total liabilities	31,083,928	27,805,175	59,794,794	61,456,373	90,878,722	89,261,548
Deferred Inflows	1,449,517	3,507,465	480,235	1,200,885	1,929,752	4,708,350
Net Position						
Net investment in capital assets	17,012,398	17,125,855	83,112,486	84,354,649	100,124,884	101,480,504
Restricted	5,730,872	4,595,760	9,949,968	9,949,968	15,680,840	14,545,728
Unrestricted	(4,101,971)	(5,504,210)	4,203,796	2,573,459	101,825	(2,930,751)
Total net position	\$ 18,641,299	\$ 16,217,405	\$ 97,266,250	\$ 96,878,076	\$ 115,907,549	\$ 113,095,481

An additional portion of the City's net position represents resources that are restricted as to how they may be used. The remaining balance of unrestricted assets may be used to meet the government's ongoing obligations to citizens, creditors, and customers within the respective governmental and business-type activities. At the end of the current fiscal year, the City of Cayce is able to report positive balances in both categories of net position as a whole and individually within the governmental and business-type activities.

The changes in net position displayed below shows the governmental and business-type activities during the fiscal year. The increase in entity-wide net position is due, in large part, to the governmental activities revenues being in excess over expenses. Property taxes, franchise fees, and grants all exceeded projected revenues during the fiscal year. Business-type activities experienced an increase of approximately 5.6% in operating revenues from the prior year. This increase is mainly attributed to growth. Total business-type expenses increased by \$857,746 from the prior year. This is mainly due to increases in product costs across all operating expense categories.

Government-wide Financial Analysis (continued)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Property taxes	\$ 6,153,903	\$ 5,051,554	\$ -	\$ -	\$ 6,153,903	\$ 5,051,554
Accommodation and hospitality taxes	1,918,615	1,782,582	-	-	1,918,615	1,782,582
Licenses and permits	5,226,170	3,841,454	-	-	5,226,170	3,841,454
Fines and forfeitures	197,280	185,692	-	-	197,280	185,692
State shared revenue	690,395	683,343	-	-	690,395	683,343
Charges for services	1,505,642	1,569,581	20,154,448	19,044,071	21,660,090	20,613,652
Grants and other	5,453,406	4,906,453	1,181,118	1,388,497	6,634,524	6,294,950
Interest income	248,435	46,672	245,052	992	493,487	47,664
Total revenues	<u>21,393,846</u>	<u>18,067,331</u>	<u>21,580,618</u>	<u>20,433,560</u>	<u>42,974,464</u>	<u>38,500,891</u>
Expenses						
General government	4,148,479	2,683,803	-	-	4,148,479	2,683,803
Public safety	8,092,126	7,364,700	-	-	8,092,126	7,364,700
Public works	2,254,766	1,828,553	-	-	2,254,766	1,828,553
Community relations	151,849	156,592	-	-	151,849	156,592
Planning and development	744,273	951,796	-	-	744,273	951,796
Parks and museum	975,063	991,524	-	-	975,063	991,524
Interest	259,677	241,207	-	-	259,677	241,207
Depreciation	2,343,719	1,481,478	-	-	2,343,719	1,481,478
Water and sewer utility	-	-	21,192,444	20,334,698	21,192,444	20,334,698
Total expenses	<u>18,969,952</u>	<u>15,699,653</u>	<u>21,192,444</u>	<u>20,334,698</u>	<u>40,162,396</u>	<u>36,034,351</u>
Increase (decrease) in net position	2,423,894	2,367,678	388,174	98,862	2,812,068	2,466,540
Net Position - July 1	<u>16,217,405</u>	<u>13,849,727</u>	<u>96,878,076</u>	<u>96,779,214</u>	<u>113,095,481</u>	<u>110,628,941</u>
Net Position - June 30	<u>\$ 18,641,299</u>	<u>\$ 16,217,405</u>	<u>\$ 97,266,250</u>	<u>\$ 96,878,076</u>	<u>\$ 115,907,549</u>	<u>\$ 113,095,481</u>

Financial Analysis of City of Cayce Funds

As noted earlier, the City of Cayce utilizes 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 June 30, 2023, the City of Cayce governmental funds reported combined fund balances of \$17,516,464, an increase of \$1,789,996 from prior year balances. Approximately fifty-four percent (54%) of this total amount constitutes unassigned fund balance, which is available for spending at the City’s discretion.

Financial Analysis of City of Cayce Funds (Continued)

The remainder of the fund balance is split between a nonspendable amount of \$193,176; a restricted amount of \$876,295 that is not available for new spending since it has already been restricted for specific purposes; \$25,000 being committed by City Council; and \$995,938 being assigned.

The General Fund is the primary operating fund of the City. On June 30, 2023, the total fund balance in the general fund was \$10,561,849. The General Fund balance increased by \$941,149 during the current fiscal year. This increase is mainly a result of property taxes and franchise fees exceeding budgeted projections. Tax revenues for the year grew as a result of an 8% rate increase on all classes of property, as well as an 6% increase in taxable property values, which are driven by increased local real estate market values. Also, actual expenditures were under budget in several expenditure categories.

Proprietary Funds – The City’s Proprietary Fund provides the same type of information found in the government-side financial statements, but with greater detail. On June 30, 2023, total net position of the Water and Sewer Utility System amount to \$97,266,250 as compared to a balance of \$96,878,076 at June 30, 2022. The increase in net position of \$388,174 for the current fiscal year is due mainly to actual expenditures coming in under budget in several expenditure categories.

General Fund Highlights

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2023 as well as the final budget are presented. Quarterly budget amendments and supplemental appropriations were approved during the 2022-2023 budget year.

The General Fund current year revenues of \$15,865,579 before other financing sources exceeded prior year revenues of \$14,156,349 before other financing sources. This is mainly due to increased property tax assessments and franchise fees. Expenditures in the current year were \$17,202,478 before other uses, which exceeded prior year expenditures of \$15,303,589. Expenditures increased mainly as a result of increased product costs, increased capital outlay, and increased retirement costs to the City in the current fiscal year. The City budgeted estimated proceeds from the sale of assets of \$80,000.

Capital Assets and Debt Administration

Capital assets – The City of Cayce’s investments in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$100,124,884 (net accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment. Major capital asset events in the current year included the following:

- In order for the City of Cayce to meet the needs of its citizens and continue to provide high quality services, the City purchased a replacement sanitation truck at \$250,000.
- The City has multiple water and sewer capital projects in progress, which accounts for an increase in non-departmental expenses.
- The City is issued a General Fund Installment Purchase in September 2022 in an amount not to exceed \$488,000. The purpose of the lease-purchase was to fund the purchase of eight Police Department vehicles, one Fire Department vehicle, and seven mobile radios.

Long-Term Debt – At the end of the current fiscal year, the City of Cayce had total bonded debt outstanding of \$58,331,830, consisting of tax increment financing (TIF) bonds totaling \$6,408,670, Revenue bonds totaling \$25,447,767 and State Revolving Fund (SRF) loans totaling \$25,506,495. The City also had installment purchase notes totaling \$968,898 for Governmental Activities at June 30, 2023.

Capital Assets and Debt Administration (Continued)

The TIF bonds outstanding debt is secured by the incremental property tax revenues generated within the Redevelopment District, as well as a pledge of Net Revenues from the Water and Sewer Utility System resulting in a junior lien of the Water and Sewer Utility. The outstanding balance of the revenue bonds is secured by a pledge of the gross revenue of the Water and Sewer Utility System..

The net pension liability was introduced in fiscal year 2014-2015 with the adoption of GASB Stmt. No. 68 and represents the long-term liabilities for payments to retirees, net of the City's current pension investments. For additional information concerning the City's outstanding debt as of June 30, 2023, please see Notes 1(M) and 7 in the Notes to the Financial Statements. In the fiscal year 2017-2018, GASB No. 75 was implemented and represents the long-term liabilities associated with the City's other post-employment benefits (OPEB) plan. For additional information concerning this plan, please see Notes 1(R) and 9.

Economic Factors and Next Year's Budgets and Rates

- The City of Cayce was allocated approximately \$6.9 million from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to be received in two equal tranches in fiscal years 2021-2022 and 2022-2023. Most expenditures related to the first tranche were budgeted in the fiscal year 2022-2023. The second tranche was budgeted in conjunction with the City's fiscal year 2023-2024 budget process. At July 1, 2023, the only unallocated SLFRF funds consist of interest earned.
- The city continues to struggle with open positions. In this post-pandemic environment, the city is finding it difficult to recruit qualified candidates for a variety of roles and experience levels.

These factors were taken into account when adopting the general fund budget for 2023-2024. Amounts available for appropriation in the general fund budget are \$19,731,716, an increase of roughly \$2.73 million from the final 2023 budget of \$16,997,065. The budget increase is mainly attributable to the increase in anticipated grant revenue from \$525,000 in fiscal year 2023 to \$2,224,727 in fiscal year 2024. It should also be noted that the appropriated budget for fiscal year 2023-2024 includes \$484,920 in budgeted revenues to service current installment purchase obligations of the city, including an additional installment purchase planned in the amount of \$500,000.

Property tax revenues for the coming year are projected to increase due to growth through improving economic conditions and overall assessments. The City will monitor economic conditions closely and make necessary budget adjustments as deemed appropriate.

Budgeted expenditures for 2024 have increased over the actual 2023 expenditures due mainly to increases in operating costs. The city does not anticipate entering into any major land acquisitions for economic development purposes in fiscal year 2023-2024.

The City is continuing to upgrade its septage receiving station for the Water and Sewer Utility system to ensure that it can better meet the demand of customers. The project is estimated to be completed in fiscal year 2024.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly McMullen, CGFO, City of Cayce, Treasurer.

BASIC FINANCIAL STATEMENTS

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 18,984,676	\$ 7,570,650	\$ 26,555,326
Accounts receivables, net	2,106,680	3,438,331	5,545,011
Internal balances	88,461	(88,461)	-
Inventory	113,200	234,117	347,317
Prepaid items	79,976	74,711	154,687
Restricted cash and cash equivalents	3,688,520	10,740,238	14,428,758
Total current assets	<u>25,061,513</u>	<u>21,969,586</u>	<u>47,031,099</u>
NONCURRENT ASSETS			
Capital assets, non-depreciable	8,229,492	4,866,918	13,096,410
Capital assets, net of accumulated depreciation	15,015,051	128,806,935	143,821,986
Other assets, net of accumulated amortization	-	324,221	324,221
Total noncurrent assets	<u>23,244,543</u>	<u>133,998,074</u>	<u>157,242,617</u>
Total assets	<u>48,306,056</u>	<u>155,967,660</u>	<u>204,273,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,399,295	1,076,827	3,476,122
Deferred outflows related to OPEB	469,393	103,897	573,290
Deferred refunding charges	-	392,895	392,895
Total deferred outflows of resources	<u>2,868,688</u>	<u>1,573,619</u>	<u>4,442,307</u>
Total assets and deferred outflows of resources	<u>\$ 51,174,744</u>	<u>\$ 157,541,279</u>	<u>\$ 208,716,023</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 2,300,460	\$ 482,327	\$ 2,782,787
Accrued salaries and related expenses	549,920	246,300	796,220
Accrued compensated absences - current portion	211,877	120,193	332,070
Accrued interest payable	9,410	209,345	218,755
Other liabilities	-	2,258	2,258
Customer deposits	46,233	74,276	120,509
Unearned revenue	4,484,953	-	4,484,953
Installment purchase contracts payable - current portion	368,301	-	368,301
Revenue bonds and loans payable - current portion	340,000	3,273,174	3,613,174
Total other post-employment benefit (OPEB) liability - current portion	138,405	2,825	141,230
Total current liabilities	<u>8,449,559</u>	<u>4,410,698</u>	<u>12,860,257</u>
LONG-TERM LIABILITIES			
Accrued compensated absences	299,842	100,716	400,558
Unearned revenue - future capacity charges and credits	-	34,042	34,042
Installment purchase contracts payable	600,597	-	600,597
Revenue bonds and loans payable	6,068,670	47,681,088	53,749,758
Net pension liability	14,417,179	7,254,100	21,671,279
Total other post-employment benefit (OPEB) liability	1,248,081	314,150	1,562,231
Total long-term liabilities	<u>22,634,369</u>	<u>55,384,096</u>	<u>78,018,465</u>
Total liabilities	<u>31,083,928</u>	<u>59,794,794</u>	<u>90,878,722</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	632,025	253,560	885,585
Deferred inflows related to OPEB	817,492	226,675	1,044,167
Total deferred inflows of resources	<u>1,449,517</u>	<u>480,235</u>	<u>1,929,752</u>
NET POSITION			
Net investment in capital assets	17,012,398	83,112,486	100,124,884
Restricted:			
Debt service	4,113,935	9,406,448	13,520,383
Capital projects and redevelopment plan	2,410	-	2,410
Tourism and community development	1,559,801	-	1,559,801
Law enforcement	62	-	62
ABC permit activities	54,664	-	54,664
Pension and employee benefits	-	543,520	543,520
Unrestricted	<u>(4,101,971)</u>	<u>4,203,796</u>	<u>101,825</u>
Total net position	<u>18,641,299</u>	<u>97,266,250</u>	<u>115,907,549</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 51,174,744</u>	<u>\$ 157,541,279</u>	<u>\$ 208,716,023</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 3,535,487	\$ 8,860	\$ 2,519,773	\$ -	\$ (1,006,854)	\$ -	\$ (1,006,854)
Information technology	276,670	-	-	-	(276,670)	-	(276,670)
Finance	336,322	-	-	-	(336,322)	-	(336,322)
Public safety	8,092,126	694,194	187,423	-	(7,210,509)	-	(7,210,509)
Public works	1,797,991	999,868	43,992	-	(754,131)	-	(754,131)
Planning and community development	896,122	-	109,990	-	(786,132)	-	(786,132)
Parks and museum	975,063	-	1,425	-	(973,638)	-	(973,638)
Garage	456,775	-	-	-	(456,775)	-	(456,775)
Depreciation (unallocated)	2,343,719	-	-	-	(2,343,719)	-	(2,343,719)
Interest	259,677	-	-	-	(259,677)	-	(259,677)
Total governmental activities	<u>18,969,952</u>	<u>1,702,922</u>	<u>2,862,603</u>	<u>-</u>	<u>(14,404,427)</u>	<u>-</u>	<u>(14,404,427)</u>
Business-type activities:							
Water and sewer utility	21,192,444	20,154,448	-	1,139,847	-	101,851	101,851
Total business-type activities	<u>\$ 21,192,444</u>	<u>\$ 20,154,448</u>	<u>\$ -</u>	<u>\$ 1,139,847</u>	<u>-</u>	<u>101,851</u>	<u>101,851</u>
General revenues:							
Property taxes					6,153,903	-	6,153,903
Accommodation and hospitality taxes					1,918,615	-	1,918,615
State shared and unallocated intergovernmental					690,395	-	690,395
Business licenses, taxes, and penalties					5,226,170	-	5,226,170
Unrestricted investment earnings					248,435	245,052	493,487
Gain on sale of assets					90,999	41,271	132,270
Miscellaneous					2,499,804	-	2,499,804
Total general revenues					<u>16,828,321</u>	<u>286,323</u>	<u>17,114,644</u>
Change in net position					2,423,894	388,174	2,812,068
Net position, beginning of year					16,217,405	96,878,076	113,095,481
Net position, end of year					<u>\$ 18,641,299</u>	<u>\$ 97,266,250</u>	<u>\$ 115,907,549</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,755,604	\$ 4,446,316	\$ 5,782,756	\$ 18,984,676
Receivables, net of allowance	2,043,139	-	63,541	2,106,680
Due from other funds	104,066	9,355	21,808	135,229
Inventory	113,200	-	-	113,200
Prepaid items	79,976	-	-	79,976
Restricted assets:				
Restricted cash and cash equivalents	957,145	-	2,731,375	3,688,520
Total assets	\$ 12,053,130	\$ 4,455,671	\$ 8,599,480	\$ 25,108,281
LIABILITIES				
Accounts payable	\$ 623,170	\$ 57,385	\$ 1,619,905	\$ 2,300,460
Accrued liabilities	549,920	-	-	549,920
Deposits and prepayments	46,233	-	-	46,233
Due to other funds	21,544	264	24,960	46,768
Unearned revenue	86,931	4,398,022	-	4,484,953
Total liabilities	1,327,798	4,455,671	1,644,865	7,428,334
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	163,483	-	-	163,483
Total deferred inflows of resources	163,483	-	-	163,483
FUND BALANCES				
Nonspendable in:				
Inventories and prepaid items	193,176	-	-	193,176
Restricted for:				
Debt service	-	-	4,113,935	4,113,935
Tourism and community development	-	-	1,559,801	1,559,801
ABC permit activities	-	-	54,664	54,664
Capital projects and redevelopment plan	-	-	1,147,833	1,147,833
Law enforcement	-	-	62	62
Committed for:				
UST program	25,000	-	-	25,000
Assigned for:				
Christmas in Cayce	3,904	-	-	3,904
Congaree Blue Grass Festival	34,889	-	-	34,889
Museum	-	-	78,320	78,320
History park	957,145	-	-	957,145
Unassigned	9,347,735	-	-	9,347,735
Total fund balances	10,561,849	-	6,954,615	17,516,464
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,053,130	\$ 4,455,671	\$ 8,599,480	\$ 25,108,281

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$	17,516,464
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets	\$	41,026,314
Accumulated depreciation		<u>(17,781,771)</u>
		23,244,543
<p>Other long-term assets not available to pay for current period expenditures and, therefore, are not reported in the funds.</p>		
Property taxes receivable		163,483
<p>Deferred outflows of resources related to the recording of net pension and liability and total OPEB liability are recognized as expense over time and, therefore, are not reported in the funds.</p>		
Deferred outflows related to other post-employment benefits	\$	469,393
Deferred outflows related to pensions		<u>2,399,295</u>
		2,868,688
<p>Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds and installment purchase contracts payable	\$	(7,377,568)
Accrued interest payable		(9,410)
Compensated absences payable		(511,719)
Total other postemployment benefits liability		(1,386,486)
Net pension liability		<u>(14,417,179)</u>
		(23,702,362)
<p>Deferred inflows of resources related to pensions and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Deferred inflows related to other post-employment benefits	\$	(817,492)
Deferred inflows related to pensions		<u>(632,025)</u>
		<u>(1,449,517)</u>
Net position of governmental activities	\$	<u><u>18,641,299</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 5,010,946	\$ -	\$ 1,168,802	\$ 6,179,748
Accommodation and hospitality taxes	-	-	1,918,615	1,918,615
Licenses and permits	5,226,170	-	-	5,226,170
Fines and forfeitures	197,280	-	-	197,280
State shared revenue	515,413	-	174,982	690,395
Charges for services	1,505,642	-	-	1,505,642
Intergovernmental	801,838	1,950,775	23,000	2,775,613
Interest income	108,486	50,349	89,600	248,435
Miscellaneous	2,499,804	-	86,990	2,586,794
Total revenues	<u>15,865,579</u>	<u>2,001,124</u>	<u>3,461,989</u>	<u>21,328,692</u>
Expenditures:				
Current:				
General government	1,688,748	2,001,124	-	3,689,872
Information technology	279,833	-	-	279,833
Finance	336,710	-	-	336,710
Public safety	8,649,397	-	3,451	8,652,848
Public works	1,806,199	-	-	1,806,199
Community relations	151,849	-	-	151,849
Planning and community development	620,836	-	131,953	752,789
Parks and museum	987,214	-	-	987,214
Garage	470,666	-	-	470,666
Non-departmental and support services	91,169	-	-	91,169
Capital outlay	1,626,352	-	461,076	2,087,428
Debt service:				
Principal retirement	454,324	-	325,000	779,324
Interest	39,181	-	242,613	281,794
Total expenditures	<u>17,202,478</u>	<u>2,001,124</u>	<u>1,164,093</u>	<u>20,367,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,336,899)</u>	<u>-</u>	<u>2,297,896</u>	<u>960,997</u>
Other financing sources (uses):				
Issuance of installment purchase contract	738,000	-	-	738,000
Sales of assets	90,999	-	-	90,999
Transfers in	1,449,049	-	10,650	1,459,699
Transfers out	-	-	(1,459,699)	(1,459,699)
Total other financing sources (uses), net	<u>2,278,048</u>	<u>-</u>	<u>(1,449,049)</u>	<u>828,999</u>
Net change in fund balances	941,149	-	848,847	1,789,996
Fund balances, beginning of year	9,620,700	-	6,105,768	15,726,468
Fund balances, end of year	<u>\$ 10,561,849</u>	<u>\$ -</u>	<u>\$ 6,954,615</u>	<u>\$ 17,516,464</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ 1,789,996

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

Capital outlay	\$ 2,444,221	
Depreciation expense	<u>(2,343,719)</u>	100,502

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. These amounts are:

Property taxes	\$ (25,845)	
Contractual rights	<u>(10,000)</u>	(35,845)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Issuance of debt	\$ (738,000)	
Principal payments	<u>779,324</u>	41,324

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. The details are as follows:

Compensated absences	\$ (59,283)	
Accrued interest on long-term debt	533	
Net pension liability and related deferred inflows and outflows of resources	297,166	
Amortization of bond premiums and discounts	31,584	
Total other postemployment benefits liability, net of related deferred outflows and inflows of resources	<u>257,917</u>	<u>527,917</u>

Change in net position of governmental activities \$ 2,423,894

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JUNE 30, 2023**

	<u>Water and Sewer Utility Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 7,570,650
Receivables, net:	
Water and sewer	3,299,515
Other	138,816
Prepaid expense	74,711
Inventory	234,117
Restricted cash and cash equivalents	10,740,238
Total current assets	<u>22,058,047</u>
NONCURRENT ASSETS	
Capital assets, non-depreciable	4,866,918
Capital assets, net of accumulated depreciation	128,806,935
Other assets, net of accumulated amortization	324,221
Total noncurrent assets	<u>133,998,074</u>
Total assets	<u>156,056,121</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	103,897
Deferred outflows related to pensions	1,076,827
Deferred refunding charges	392,895
Total deferred outflows of resources	<u>1,573,619</u>
Total assets and deferred outflows of resources	<u>\$ 157,629,740</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 482,327
Accrued payroll and related taxes	246,300
Accrued compensated absences - current portion	120,193
Accrued interest payable	209,345
Other liabilities	2,258
Due to other funds	88,461
Customer prepayments	74,276
Revenue bonds and loans payable - current portion	3,273,174
Total other post-employment benefit (OPEB) liability - current portion	2,825
Total current liabilities	<u>4,499,159</u>
LONG-TERM LIABILITIES	
Accrued compensated absences	100,716
Unearned revenue - future capacity charges and credits	34,042
Revenue bonds and loans payable	47,681,088
Net pension liability	7,254,100
Total other post-employment benefit (OPEB) liability	314,150
Total long-term liabilities	<u>55,384,096</u>
Total liabilities	<u>59,883,255</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	226,675
Deferred inflows related to pensions	253,560
Total deferred inflows of resources	<u>480,235</u>
NET POSITION	
Net investment in capital assets	83,112,486
Restricted:	
Debt and capital projects	9,406,448
Pension and employee benefits	543,520
Unrestricted	4,203,796
Total net position	<u>97,266,250</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 157,629,740</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water and Sewer Utility Fund
Operating Revenue	
Water:	
Sales	\$ 5,796,616
Connection fees	107,295
Sewer:	
Service charges	12,599,305
Septage/grease services:	
Sales and permits	1,179,438
Pretreatment set-up fees	79,140
Reconnection fees	44,440
Penalties	220,940
Miscellaneous	127,274
Total operating revenue	20,154,448
Operating Expenses	
Administrative	574,064
Utility billing	985,837
Water treatment plant	1,637,205
Water distribution and maintenance	1,637,738
Wastewater treatment plant	4,996,646
Sewer collection and outfall lines	1,571,359
Septage and grease receiving station	571,867
Non-departmental and support services	2,134,138
Depreciation and amortization	6,035,123
Total operating expenses	20,143,977
Operating income	10,471
Non-operating Revenue (Expenses)	
Interest income	245,052
Gain from sale of capital assets	41,271
Interest expense	(887,463)
Amortization of bond refunding losses	(151,145)
Fiscal agent fees	(9,859)
Total non-operating expenses, net	(762,144)
Loss before capital contributions	(751,673)
Capital Contributions	
Capacity charges and other capital contributions	1,139,847
Change in net position	388,174
Net position, beginning of year	96,878,076
Net position, end of year	\$ 97,266,250

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water and Sewer Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 19,013,966
Cash paid to suppliers	(9,121,465)
Cash paid to employees	<u>(5,300,822)</u>
Net cash provided by operating activities	<u>4,591,679</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	41,271
Acquisition and construction of capital assets	(3,178,427)
Interest and fiscal agent fees paid on capital related debt	(1,494,211)
Principal payments on debt	(3,081,194)
Proceeds from the issuance of loans	2,318,340
Capacity charges and other capital contributions	<u>1,139,847</u>
Net cash used in capital and related financing activities	<u>(4,254,374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	<u>245,052</u>
Net cash provided by investing activities	<u>245,052</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	582,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>17,728,531</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,310,888</u>
CLASSIFIED AS:	
CASH AND CASH EQUIVALENTS	\$ 7,570,650
CASH AND CASH EQUIVALENTS, RESTRICTED	<u>10,740,238</u>
	<u>\$ 18,310,888</u>

(Continued)

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Water and Sewer Utility Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH	
PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ 10,471
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	6,035,123
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase) decrease in assets and deferred outflows:	
Change in accounts receivable	(716,250)
Change in other receivables	(117,535)
Change in prepaid expenses	(37,758)
Change in inventory	(34,146)
Change in deferred outflows or resources - pension and OPEB	98,654
Increase (decrease) in liabilities and deferred inflows:	
Change in accounts payable	(147,918)
Change in accrued payroll and related taxes	43,745
Change in other liabilities	(61)
Change in due to other funds	(15,056)
Change in customer deposits	(32,533)
Change in accrued compensated absences	24,210
Change in unearned revenue	(274,164)
Change in net pension liability	486,354
Change in OPEB liability	(10,807)
Change in deferred inflows of resources - pension and OPEB	(720,650)
Net cash provided by operating activities	<u>\$ 4,591,679</u>

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents - unrestricted	\$ 23,913
Cash and cash equivalents - restricted	131,847
Total assets	<u>155,760</u>
LIABILITIES	
Amounts due to others	150,389
Total liabilities	<u>150,389</u>
NET POSITION	
Restricted for individuals, organizations and other governments	5,371
	<u>\$ 5,371</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

**STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Insurance fees	\$ 55,630
Seizures	15,404
Interest income	802
Miscellaneous	80
	<hr/>
Total additions	71,916
	<hr/>
DEDUCTIONS	
Other custodial disbursements	67,072
	<hr/>
Total deductions	67,072
	<hr/>
Change in fiduciary net position	4,844
Net position, beginning of year	527
	<hr/>
Net position, end of year	\$ 5,371
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF CAYCE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cayce, South Carolina (the "City") was incorporated September 7, 1914, under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health, culture-recreation, public improvements, planning, zoning, and general administrative services.

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

A. Reporting Entity

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended, the basic financial statements of the City present the reporting entity that consists of the primary government and those legally separate organizations for which the elected officials of the primary government are financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause, in management's judgment, the City's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. "Blended" component units are separate entities that are, substantially, part of the primary government's operations and are combined with financial data of the primary government. "Discretely presented" component units, on the other hand, are reported in separate columns in the Government-wide financial statements to emphasize that they are legally separate from the operations of the primary government. The City has no component units as of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

Government-wide Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the nonfiduciary activities of the government as a whole. All fiduciary activities are reported only in the fund financial statements. Separate columns are used to distinguish between the City's governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in Governmental Funds. Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and deferred outflows less liabilities and deferred inflows as net position not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the net (expenses) revenue of the City's individual functions before applying general revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government's general revenues. They 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are 'general' revenues unless they are required to be reported as program revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The City reports the General Fund and the ARPA Grant Fund as the major governmental funds and the Water and Sewer Utility Fund as the major proprietary fund. Combining schedules for the non-major funds are presented in the supplementary information section of this report. Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented as a part of the basic financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's general operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **ARPA Grant Fund** is used to account for the activities associated with the City's allocation of grant monies under the Coronavirus State and Fiscal Recovery Funds program.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes other than debt service or capital projects. The City maintains special revenue funds for continuing grant programs for law enforcement; state restricted funds for accommodation taxes and alcohol permits; restricted hospitality taxes; plus, the Cayce Museum Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types. The City maintains this fund for the resources of taxes collected in the tax increment financing (TIF) district used for retirement of long-term debt.

The **Capital Projects Fund** is used to account for the acquisition and construction of major capital facilities and other capital assets other than those financed by the proprietary fund. The City maintains this fund for its resources and activities in the TIF district.

Fiduciary Funds - All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in fiduciary Net Position.

Accordingly, the **Custodial Funds** are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. At June 30, 2023, these included the Police Fund and the Firemen's Fund. Accordingly, the **Firemen's Fund** accounts for monies collected from the State for the benefit of the fire department. The **Police Fund** accounts for monies collected through drug seizures and other similar activities. For the two custodial funds of the City, the assets of the funds are for the benefit of other entities and individuals and the assets are not derived from the City providing goods or services to these other entities and individuals.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds, when applicable) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide and Proprietary Fund financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB Statement No. 34. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e., advances or short-term loans) has been eliminated from the Government-wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues susceptible to accrual (e.g., property taxes, franchise taxes, state shared and intergovernmental revenues) are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Such revenues are considered to be available when they are collected within the current period or soon enough thereafter (not exceeding 60 days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Fund statements reflect net position and revenues, expenses and changes in net position using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When restricted, committed, and/or assigned resources are available for use, it is the government's policy to use restricted resources first, then committed resources, then assigned resources, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Budgets and Encumbrances

Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. A legal operating budget is prepared annually for the General Fund and Water and Sewer Utility Fund. Informal budgetary controls are maintained for other funds.

The City Manager is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers. Subsequent expenditures (expenses) approved by Council shall automatically carry amendments to fund appropriation where applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

Budgets and Encumbrances (Continued)

The General Fund operated under a final expenditure budget totaling \$17,022,065. Final budgeted revenues totaled \$14,744,065 and other financing sources (uses) totaled \$2,253,000, leaving a net change in fund balance of \$25,000. As further described in the Required Supplementary Information, a budgetary comparison schedule for the General Fund is provided. The Water and Sewer Utility Fund operated under a budget totaling \$15,566,402 (including operation and maintenance, capital improvements, debt service principal amounts and coverages). Actual operating expenses totaled \$20,143,977 (including a charge of \$6,035,123 for depreciation and amortization).

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable budgeted appropriation, is utilized in the governmental funds. There were no material encumbrances at June 30, 2023.

E. Cash and Cash Equivalents

Cash includes amounts held in demand deposits. For purpose of the Statement of Cash Flows, the City considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are reported at fair value.

F. Receivables and Allowance for Doubtful Accounts

Accounts receivable include amounts receivable from customers, users, others, and other governments and such amounts are stated net of any applicable allowance for uncollectible accounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Restricted Assets

Restricted assets include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Enterprise Fund restricted assets arise from certain bond and contract ordinances.

H. Other Assets

Other assets consist of purchases of intangible assets, or contractual rights to use capital asset resources. The Business-type Activities contract rights result from the purchase of expanded wastewater collection lines owned by a third-party (Red Bank Line) where the City uses the additional line capacity. The purchase price (cost) totaling \$563,864 is being amortized over the life of the contract (40 years). Amortization expense for the year ended June 30, 2023, totaled \$14,097. The Governmental Activities rights result from the purchase and cost contribution to Lexington County to construct a new animal services/shelter services and to provide the City future services. The purchase price (cost) totaling \$100,000 is to be amortized over the life of the contract (10 years). Accumulated amortization as of June 30, 2023, totaled \$100,000.

I. Interfund Receivables and Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. Interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables and are expected to be paid within one year. The lending fund reports amounts due from other funds, while the borrowing fund reports amounts 'due to other funds'. These interfund receivables and payables are classified as internal balances on the Government-wide Statement of Net Position and have been eliminated. The City considers all interfund receivables, net of any payables to be short-term. Advances to/from other funds (if any) represent long-term interfund loans receivable and payable.

J. Inventory and Prepaid Items

Inventory is valued at cost or estimated historical cost on a first-in, first-out (FIFO) basis. Inventory consists of expendable supplies of the garage and water/wastewater maintenance, held for consumption. Reported inventory expenditures or expenses and prepaid items are recognized when consumed. Additionally, certain payments to vendors reflect costs for services applicable to future periods and are reported as prepaid items. Prepaid items are accounted for under the consumption method.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased, constructed or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domains (rights-of-way and easements) have been capitalized using actual and estimated historical costs of such assets that were acquired by the City. The City owns .98 mile of paved subdivision streets at June 30, 2023. However, the City is not responsible for maintenance or reconstruction costs associated with the roads.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight-line method with service lives as follows:

	<u>Years</u>
Buildings	15 to 40
Improvements	10 to 30
Machinery and equipment	3 to 20
Water and sewer systems	10 to 50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences (Accrued Vacation and Sick Leave)

City employees are entitled to accrue and carry forward at fiscal year-end accumulated unused days of annual vacation leave and sick leave. Typically, employees consume newly earned increments of leave in future periods. Effective July 1, 1994, accumulated annual and sick leave is capped at 400 hours and 720 hours, respectively, per employee. Upon termination of employment, employees are entitled to be paid at current salary levels for accumulated unused annual vacation leave. Prior to July 1, 1994, the City's policy for employees receiving compensation for unused sick leave upon termination was as follows: 15 years of service = 25%; 20 years of service = 50%; 25 years of service = 75%; 30 years of service = 100%.

In the Government-wide and Proprietary Fund financial statements, vacation pay is accrued when incurred and reported as a current and long-term liability. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they mature (become due). Vacation pay that is expected to be liquidated, for example, as a result of employee resignations and retirements, with expendable available financial resources is reported as an expenditure and a fund liability in the General Fund, when applicable.

M. Long-term Obligations

In the Government-wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. These obligations are reported net of bond premiums and discounts, which are amortized over the life of the related bond issue using the effective interest method. Other long-term obligations represent outstanding net present value portions due on installment purchase contracts, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities. In the Governmental Fund financial statements, bond premium and discounts, as well as bond issuance, costs are recognized as expenditures of the current period. The face amount of the debt issued, along with any bond premium and discounts, is reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Unearned Revenue

In the Government-wide and Proprietary financial statements, certain assets are not recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability entitled *unearned revenue* and represent various deposits and grants received in advance of eligibility requirements having been met.

O. Contract Obligation

Under an intergovernmental agreement, the City is obligated to provide financial credit to a wastewater treatment purchaser of \$1,950,000, which resulted from a prior-year receipt of wastewater capacity payments. The City applies the credit against future contract charges and services. At June 30, 2023, the current credit balance outstanding equals \$30,852.

P. Deferred Outflows/Inflows of Resources and Unearned Revenue

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future period, while an asset is a resource with present service capacity that the government presently controls. A *deferred inflow of resources* is an acquisition of net assets by the government that is applicable to a future reporting period, while a liability is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position and the Governmental Funds Balance Sheet.

At June 30, 2023, the City reported deferred outflows of resources consisting of debt refunding losses (resulting from the difference between the new refunding debt (reacquisition price) and the net carrying amount of the old, refunded debt), pension related, and OPEB related outflows. The debt funding losses amount is being amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The City reported deferred outflows/inflows of resources related to pensions and OPEB at June 30, 2023, as follows.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four (4) items that qualify for reporting in this category, which are related to pension and OPEB obligations as follows:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources and Unearned Revenue (Continued)

Deferred Outflows of Resources (Continued)

1. Pension and OPEB contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability and the total OPEB liability in the subsequent year.
2. The differences between expected and actual experience is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
3. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.
4. Changes in assumptions, which will be amortized into pension and OPEB expense over a closed five-year period.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category, which are related to pension and OPEB obligations as follows:

1. The differences between expected and actual experience is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
2. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.
3. Changes in assumptions, which will be amortized into OPEB expense over a closed five-year period.
4. The net difference between the projected and actual earnings on pension plan investments which is deferred and amortized over a closed five-year period.

The City also has inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. As such, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount became available.

Unearned Revenue

The City also defers revenue recognition in connection with resources that have been billed or received, but not yet earned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

R. Total OPEB Liability

For the purposes of measuring the Total OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Plan has been determined on the basis of an actuarial report for the plan. The City does not have a separate Trust for the plan and the plan has no plan assets. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Total OPEB Liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. Changes in the Total OPEB Liability that have not been included in OPEB expense are reported as deferred outflows or deferred inflows of resources related to OPEB.

The City's valuation method is the Entry Age Normal Cost Method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s).

S. Net Position and Fund Balance

In the Government-wide financial statements, the difference between the City's total assets and deferred outflows, less total liabilities and deferred inflows represents net position. Net position for both the governmental activities and proprietary fund types displays three components - net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the assets available for future operations. In the Fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position and Fund Balance (Continued)

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus and modified accrual basis of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either; (a) not in a spendable form; or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Council through the passage of an ordinance. Only the Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority. The Council has delegated such authority to the City Manager.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Lexington County Assessor or the Richland County Assessor. Taxes are levied on July 1 with the passage of the fiscal year budget and millage ordinance, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

For Government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. For Government Fund financial statements, City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

U. Program and General Revenue

The City charges public fees for building permits and inspections, and admission fees for certain recreational activities. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities. General revenues reported by the City include property taxes, state-shared taxes, business licenses (which are appropriately not classified as program revenue charges for services due to their non-matching characteristics) and other government imposed non-exchange fees (e.g., franchise fees, which are general revenue fees-in-lieu of business licenses).

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Interfund Activities

Transfers between governmental and business-type activities on the Government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

W. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes, encumbrances and unused expenditure appropriations lapse at year-end.

X. Accounting Estimates

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

Y. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are water and sewer sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are adopted on a GAAP basis. During the spring, the City's Administration, with other department input, develops a preliminary budget model for operational and capital expenditures, and develops revenue projections as a proposed means of financing the proposed expenditures.
2. Upon receipt of the budget estimates, the Council holds a first reading of the budget ordinance. Information about the budget ordinance is then published in the local newspaper. The ordinance sets the limit at the fund level, for which expenditures may not exceed appropriations. After two readings of the budget, the Council legally adopts the budget through the passage of the ordinance.
3. Budget accountability rests primarily with the operating departments of the City. In accomplishing the programs and objectives for which the budget was authorized, department directors are responsible for ensuring that their respective expenditures do not exceed the prescribed funding levels.
4. For each assigned function, a department is obligated to stay within budget for his area. The City Manager has the authority to make transfers across departments and funds. Such transfers are entered on the City's records. All unused expenditure appropriations lapse at year-end. However, the Council must approve any revisions that alter the total expenditures of any fund.
5. Budgeted amounts are as originally adopted, or as amended by the Council.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, expenses exceeded appropriations in the General Fund and the Water and Sewer Utility Fund in the amounts of \$180,413 and \$5,618,042, respectively. These over-expenditures were financed by certain revenues, capital contributions, and the use of fund balance/net position.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

As of June 30, 2023, the City had the following cash and cash equivalent balances:

Cash on hand	\$	850
Carrying amount of cash and cash equivalents		41,138,994
	\$	<u>41,139,844</u>
Statement of Net Position:		
Cash and cash equivalents	\$	26,555,326
Cash and cash equivalents - restricted		14,428,758
Statement of Fiduciary Net Position:		
Cash and cash equivalents		155,760
	\$	<u>41,139,844</u>

Certain cash and cash equivalents 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 tax, drug fund, etc.) and as stipulated in the bond offering documents.

Under State law, the City is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The City does not have a deposit policy for custodial credit risk. At June 30, 2023, the carrying amount of the City's cash deposits with financial institutions was \$41,138,994 and the financial institution's balances totaled \$41,620,255. As of June 30, 2023, all of the City's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the City's name. The City's cash on hand at June 30, 2023, amounted to \$850. Accordingly, the City was not exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2023, the City had no investments subject to interest rate risk.

Credit Risk – Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statute authorizes the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a fair 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 United States Government; or deposit accounts with banking institutions insured and secured in the same manner. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices other than its compliance with State Law. As of June 30, 2023, the City had no investments subject to credit risk.

Custodial Credit Risk – 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. Investment balances were covered by collateral held by the financial institution's trust department in the City's name. The City does not have an investment policy for custodial credit risk. As of June 30, 2023, the City had no investments subject to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2023, the City reported no investments subject to reporting in the fair value hierarchy.

NOTE 4. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer Utility Fund	Nonmajor Governmental Funds
Receivables:			
Property taxes	\$ 258,491	\$ -	\$ -
Sanitation and fire hydrant fees	169,249	-	-
Water and sewer accounts	-	3,157,764	-
Wastewater Treatment Plant contribution	-	440,066	-
Grants receivable	207,218	-	-
Accommodations taxes	-	-	57,672
Other	1,596,390	138,816	5,869
Gross receivables	2,231,348	3,736,646	63,541
Less allowance for uncollectible	(188,209)	(298,315)	-
Net receivables	\$ 2,043,139	\$ 3,438,331	\$ 63,541

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DUE TO/FROM OTHER FUNDS (INTERNAL BALANCES)

The composition of interfund balances at June 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 15,605
ARPA Fund	Nonmajor Governmental Funds	9,355
Nonmajor Governmental Funds	General Fund	21,544
Transfer in	Transfer out	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 10,650
General Fund	Nonmajor Governmental Funds	1,449,049
Total transfers		\$ 1,459,699

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land and rights-of-way	\$ 7,838,828	\$ -	\$ -	\$ -	\$ 7,838,828
Construction in progress	519,325	1,159,952	-	(1,288,613)	390,664
Total	<u>8,358,153</u>	<u>1,159,952</u>	<u>-</u>	<u>(1,288,613)</u>	<u>8,229,492</u>
Capital assets, being depreciated:					
Land improvements	16,826,057	-	-	1,288,613	18,114,670
Buildings and improvements	2,430,791	-	-	-	2,430,791
Furniture, vehicles, equipment	11,978,185	1,284,269	(1,011,093)	-	12,251,361
Total	<u>31,235,033</u>	<u>1,284,269</u>	<u>(1,011,093)</u>	<u>1,288,613</u>	<u>32,796,822</u>
Less accumulated depreciation for:					
Land improvements	(5,935,310)	(1,307,175)	-	-	(7,242,485)
Buildings and improvements	(1,715,056)	(90,064)	-	-	(1,805,120)
Furniture, vehicles, equipment	(8,798,779)	(946,480)	1,011,093	-	(8,734,166)
Total	<u>(16,449,145)</u>	<u>(2,343,719)</u>	<u>1,011,093</u>	<u>-</u>	<u>(17,781,771)</u>
Total capital assets, being depreciated, net	<u>14,785,888</u>	<u>(1,059,450)</u>	<u>-</u>	<u>1,288,613</u>	<u>15,015,051</u>
Governmental activities capital assets, net	<u>\$ 23,144,041</u>	<u>\$ 100,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,244,543</u>

Depreciation expense totaled \$2,343,719 for the year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended June 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 451,035	\$ -	\$ -	\$ -	\$ 451,035
Construction in progress	2,972,978	2,863,857	-	(1,420,952)	4,415,883
Total	<u>3,424,013</u>	<u>2,863,857</u>	<u>-</u>	<u>(1,420,952)</u>	<u>4,866,918</u>
Capital assets, being depreciated:					
Water plant and distribution system	72,879,976	-	-	746,597	73,626,573
Wastewater plant and collection system	118,516,536	-	-	674,355	119,190,891
Septage and grease facility	1,556,300	-	-	-	1,556,300
Furniture, vehicles, and equipment	10,561,072	314,570	(118,121)	-	10,757,521
Total	<u>203,513,884</u>	<u>314,570</u>	<u>(118,121)</u>	<u>1,420,952</u>	<u>205,131,285</u>
Less accumulated depreciation for:					
Water plant and distribution system	(25,999,337)	(2,272,012)	-	-	(28,271,349)
Wastewater plant and collection system	(36,624,911)	(3,089,843)	-	-	(39,714,754)
Septage and grease facility	(419,270)	(52,146)	-	-	(471,416)
Furniture, vehicles, and equipment	(7,377,928)	(607,024)	118,121	-	(7,866,831)
Total	<u>(70,421,446)</u>	<u>(6,021,025)</u>	<u>118,121</u>	<u>-</u>	<u>(76,324,350)</u>
Total capital assets, being depreciated, net	<u>133,092,438</u>	<u>(5,706,455)</u>	<u>-</u>	<u>1,420,952</u>	<u>128,806,935</u>
Business-type activities capital assets, net	<u>\$ 136,516,451</u>	<u>\$ (2,842,598)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,673,853</u>

Depreciation expense totaled \$6,021,025 for the year ended June 30, 2023. Depreciation expense charged to Governmental Activities on the previous page was not allocated to specific functions in the Statement of Activities, as the City does not have a reasonable basis for allocation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS

Long-term debt of the City at June 30, 2023, consisted of the following:

A. Governmental Activities

Tax Increment Finance (TIF) Junior Lien Bonds, Series 2017, \$8,000,000, dated August 1, 2017, principal and interest (3.0%-4.0%) payable semi-annually, final payment due June 2037.	\$ 6,175,000
Installment purchase contract - (vehicles) \$429,034, dated December 16, 2021, interest at 1.38% per annum (payable monthly with principal), final payment due December 2025.	270,913
Installment purchase contract - (sanitation vehicle) \$250,000, dated November 21, 2022, interest at 4.05% per annum (payable monthly with principal), final payment due November 2026.	216,012
Installment purchase contract - (vehicles) \$488,000, dated September 28, 2022, interest at 2.86% per annum (payable monthly with principal), final payment due September 2026.	400,696
Installment purchase contract - (vehicles) \$364,000, dated September 25, 2019, interest at 2.21% per annum (payable monthly with principal), final payment due October 2023.	31,606
Installment purchase contract - (vehicle) \$251,595, dated January 8, 2021, interest at 1.25% per annum (payable monthly with principal), final payment due January 2024.	49,671
	7,143,898
Less, current portions due within one year:	
TIF Junior lien bonds, Series 2017	(340,000)
Installment purchase contracts	(368,301)
Add, bond premium:	
Series 2017 bond premium (\$436,275 net of \$202,605 accumulated amortization)	233,670
Total bonds and installment purchase contracts, Governmental Activities	\$ 6,669,267

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Series 2017 TIF Junior Lien Bonds

The City issued \$8.0 million tax increment financing (TIF) bond, Series 2017, dated August 1, 2017, for the purpose of financing certain improvements in the Redevelopment District (as defined in the amended Redevelopment Plan), including (i) demolition of certain properties within the Redevelopment Project Area; (ii) general infrastructure improvements of water, sewer, stormwater and roadways; (iii) construction of a new public safety facility; (iv) improvements and repairs to the City's Riverwalk and related greenway projects along the Congaree River; (v) the development and construction of an Interpretive Center; and (vi) certain other public development activities, improvements, and projects. The TIF Bonds are secured by Pledge Incremental Revenues collected from ad-valorem taxes within the District and deposited into a Special Tax Allocation Fund. The bonds are additionally secured by a pledge of the City's Water and Sewer Utility System revenues and thus constitutes a 'junior lien' (as defined in the Utility Bond Ordinance).

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

A. Governmental Activities (Continued)

Series 2017 TIF Junior Lien Bonds (Continued)

The annual debt service requirements for the 2017 TIF bonds are as follows at June 30, 2023:

TIF Bond, Series 2017 Year ending June 30,	Principal	Interest	Total
2024	\$ 340,000	\$ 229,612	\$ 569,612
2025	355,000	216,013	571,013
2026	365,000	201,812	566,812
2027	380,000	187,213	567,213
2028	395,000	172,013	567,013
2029-2033	2,240,000	694,863	2,934,863
2034-2037	2,100,000	265,444	2,365,444
Total	<u>\$ 6,175,000</u>	<u>\$ 1,966,970</u>	<u>\$ 8,141,970</u>

Installment Purchase Contracts

The City has entered into certain financed purchase agreements (installment purchase contracts) for the acquisition of various machinery, equipment, and vehicles. The notes are collateralized by certain equipment and vehicles used in the Governmental Activities (General Fund) operation. The annual debt service requirements for the installment purchase contracts are as follows at June 30, 2023:

Installment Purchase Contracts Year ending June 30,	Principal	Interest	Total
2024	\$ 368,301	\$ 20,704	\$ 389,005
2025	294,194	13,175	307,369
2026	246,274	5,941	252,215
2027	60,129	437	60,566
Total	<u>\$ 968,898</u>	<u>\$ 40,257</u>	<u>\$ 1,009,155</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities

Clean Water State Revolving Funds (SRF) Loan, Series 2002, \$1,650,000, dated December 1, 2002, principal and interest (3.75% per annum), payable quarterly, final payment due September 2023.	\$ 26,154
Water and Sewer System Refunding Revenue Bonds, Series 2016A (taxable), \$8,470,000, dated March 29, 2016, principal and interest (.95% - 3.22% per annum), payable semi-annually, final payment due July 2024.	1,690,000
Water and Sewer System Refunding Revenue Bonds, Series 2016B (non-taxable), \$4,500,000, dated March 29, 2016, principal and interest (3.00% - 4.00% per annum), payable semi-annually, final payment due July 2028.	4,500,000
Clean Water State Revolving Funds (SRF) Loan, Series 2017, \$24,560,378, dated February 9, 2017, principal and interest (1.80% per annum), payable quarterly, final payment due December 2048.	21,658,264
Water and Sewer System Refunding Revenue Bonds, Series 2020, \$20,535,000. dated July 21, 2020, principal and interest (2.05% - 5.00%), payable semi-annually, final payment due June 2036.	16,570,000
Clean Water State Revolving Funds (SRF) Loan, Series 2021, \$4,086,660, dated December 1, 2002, principal and interest (1.80% to 2.20% per annum), payable quarterly in one hundred twenty (120) installments, first payment due January 2023.	3,822,077
	48,266,495
Add/Subtract:	
Series 2016A bond discount (\$44,769 net of \$42,100 accumulated amortization)	(2,669)
Series 2016B bond premium (\$660,846 net of \$417,176 accumulated amortization)	243,670
Series 2020 bond premium (\$4,109,478 net of \$1,662,712 accumulated amortization)	2,446,766
Current portion, State Revolving Fund loans (Series 2002 and 2017)	(858,174)
Current portion, revenue bonds (Series 2016A and 2020)	(2,415,000)
	\$ 47,681,088

Series 2017 SRF Loan

The City issued \$24,560,378 Clean Water State Revolving Fund Loan, Series 2017, dated February 9, 2017, for the purpose of defraying costs associated with certain Water and Sewer Utility Fund infrastructure improvements. The Series 2017 loan is secured by and payable solely from a pledge of and lien upon the Net Revenues (as defined in the Series Ordinance) on a parity with the pledge thereof securing the payment of the Outstanding Bonds (as defined in the Series Ordinance) and any other Additional Bonds (as defined in the Series Ordinance) hereafter issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities (Continued)

Series 2017 SRF Loan (Continued)

The annual debt service requirements for the 2017 SRF loan are as follows at June 30, 2023:

SRF Loan, Series 2017			
Year ending June 30,	Principal	Interest	Total
2024	\$ 679,756	\$ 380,364	\$ 1,060,120
2025	692,093	368,027	1,060,120
2026	704,654	355,466	1,060,120
2027	717,443	342,677	1,060,120
2028	730,464	329,656	1,060,120
2029-2033	3,856,058	1,444,542	5,300,600
2034-2038	4,218,915	1,081,685	5,300,600
2039-2043	4,615,917	684,683	5,300,600
2044-2048	5,050,277	250,323	5,300,600
2049	392,687	397	393,084
Total	<u>\$ 21,658,264</u>	<u>\$ 5,237,820</u>	<u>\$ 26,896,084</u>

Series 2002 SRF Loan

The City issued \$1,605,115 Clean Water State Revolving Fund Loan, Series 2002 for the purpose of defraying costs associated with certain Water and Sewer Utility Fund infrastructure improvements. The Series 2002 loan is secured by and payable solely from a pledge of and lien upon the Net Revenues (as defined in the Series Ordinance) on a parity with the pledge thereof securing the payment of the Outstanding Bonds (as defined in the Series Ordinance) and any other Additional Bonds (as defined in the Series Ordinance) hereafter issued. The annual debt service requirements for the 2002 SRF loan are as follows at June 30, 2023:

SRF Loan, Series 2002			
Year ending June 30,	Principal	Interest	Total
2024	\$ 26,154	\$ 147	\$ 26,301
Total	<u>\$ 26,154</u>	<u>\$ 147</u>	<u>\$ 26,301</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities (Continued)

Series 2021 SRF Loan

The City issued \$4,086,550 Clean Water State Revolving Fund Loan, Series 2021 for the purpose of defraying costs associated with certain Water and Sewer Fund infrastructure improvements. The Series 2021 loan is secured by and payable solely from a pledge of and lien upon the Net Revenues (as defined in the Series Ordinance) on a parity with the pledge thereof securing the payment of the Outstanding Bonds (as defined in the Series Ordinance) and any other Additional Bonds (as defined in the Series Ordinance) hereafter issued. At June 30, 2023, the loan remained in the drawdown phase with \$3,897,151 of the total loan amount drawn.

Series 2016 A&B Bonds and Defeasance of Series 2007A Bonds

The City issued \$8,470,000 Series 2016A and \$4,500,000 Series 2016B Water and Sewer System Refunding Revenue Bonds, dated March 29, 2016, to advance refund the outstanding principal amounts of the Series 2007A Water and Sewer System Refunding and Improvement Revenue Bonds, (original principal amount of \$18,795,000 dated September 11, 2007). Net amortization of the Series 2016A discount and the Series 2016B premium was \$61,476 for the year ended June 30, 2021. Proceeds from the Series 2016A&B bonds were used to (1) redeem the callable portion of the Series 2007A bonds and (ii) establish an irrevocable escrow fund (trust account) held by a third-party. The amounts deposited in the trust account are invested in U.S. treasury securities and the interest and principal thereof shall be applied to the payment of the principal and interest on each of the outstanding Series 2007A bonds payable through July 1, 2020. The Series 2007A bonds are considered defeased 'in-substance' for accounting and financial reporting purposes, and the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

The Series 2016A bonds shall not be subject to optional redemption prior to their stated maturities. The Series 2016B bonds maturing on and after July 1, 2027, are subject to redemption at any time on and after July 1, 2026, at a redemption price of par plus accrued interest to the date of redemption. The annual debt service requirements for the 2016A bonds are as follows at June 30, 2023:

Revenue Bond, Series 2016A			
<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 925,000	\$ 38,508	\$ 963,508
2025	765,000	12,317	777,317
Total	<u>\$ 1,690,000</u>	<u>\$ 50,825</u>	<u>\$ 1,740,825</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities (Continued)

Series 2016 A&B Bonds and Defeasance of Series 2007A Bonds (Continued)

The annual debt service requirements for the 2016B bonds are as follows at June 30, 2023:

Revenue Bond, Series 2016B			
Year ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 177,850	\$ 177,850
2025	215,000	174,625	389,625
2026	1,015,000	151,100	1,166,100
2027	1,060,000	109,600	1,169,600
2028	1,100,000	66,400	1,166,400
2029	1,110,000	22,200	1,132,200
Total	<u>\$ 4,500,000</u>	<u>\$ 701,775</u>	<u>\$ 5,201,775</u>

Series 2020 Bond and Defeasance of Series 2009 and Series 2015 SRF Loans

The City issued \$20,535,000 Water and Sewer System Refunding Revenue Bonds, Series 2020, dated July 21, 2020, to (i) refund the outstanding principal amount of the Series 2009 Clean Water State Revolving Funds (SRF) Loan dated September 15, 2008; and (ii) refund the outstanding principal amount of the Series 2015 Clean Water State Revolving Funds (SRF) Loan dated January 29, 2015. Maturities on the Series 2020 Bonds mature serially on June 1, 2021, through June 1, 2036. The Series 2020 Bonds maturing on or after June 1, 2030, are subject to redemption prior to maturity, at the option of the City, at any time on and after June 1, 2029, as a whole or in part, at a redemption price equal to 100% of par plus accrued interest to the date of redemption. The Series 2020 Bonds are issued pursuant to the City's Master Bond Ordinance, dated February 2, 2016, and the applicable Series Ordinance dated April 22, 2020, and are secured by and payable from a pledge of the Net Revenues on a parity with the pledge of Net Revenues that secure the Outstanding Bonds and any Additional Bonds issued pursuant to the Bond Ordinance. The defeasance transaction of the Series 2009, 2015, and 2020 bonds resulted in an economic gain of \$1,174,594, a cash flow savings of \$1,377,638, and a deferred loss on the refunding of \$360,147, which is being amortized over the shorter life of the new refunding debt or the refunded (old) debt, with such amount being reported as a deferred outflow of resources on the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities (Continued)

Series 2020 Bond and Defeasance of Series 2009 and Series 2015 SRF Loans

The annual debt service requirements for the 2020 bonds are as follows at June 30, 2023:

Revenue Bond, Series 2020 Year ending June 30,	Principal	Interest	Total
2024	\$ 1,490,000	\$ 734,023	\$ 2,224,023
2025	1,565,000	659,523	2,224,523
2026	1,645,000	581,273	2,226,273
2027	1,725,000	499,023	2,224,023
2028	1,815,000	412,773	2,227,773
2029-2033	7,870,000	748,063	8,618,063
2034-2036	460,000	15,268	475,268
Total	<u>\$ 16,570,000</u>	<u>\$ 3,649,946</u>	<u>\$ 20,219,946</u>

Wastewater System Contracts — State Revolving Fund Loans

Pursuant to the 208 Water Quality Management Plan developed by the Central Midlands Council of Governments, the City has been designated as the wastewater treatment service regional provider. Accordingly, the City, in addition to its inside and outside customers, has various intergovernmental agreement customers. The following agreements also involve State Revolving Fund loans.

Springdale Agreement

On August 30, 2001, the City and the City of Springdale entered into an agreement where the City provides sewer services to certain residents within the municipal limits of Springdale. Pursuant to the terms, Springdale pays the City an amount equal to all debt service and related costs associated with the Series 2002 SRF Loan, Annual remittances total \$105,194, and under the terms of the contract, have been accounted for as sewer service revenue. Such contract and receipt of revenues shall be required for all periods that the Series 2002 SRF Loan is outstanding but are contingent based on the annual budget appropriated by the City of Springdale. The Series 2002 SRF Loan matures on September 1, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

B. Business-type Activities (Continued)

Lexington and Commission Agreement

On August 28, 2009, the City entered into a Wastewater Services Agreement with the City of Lexington and the Lexington County Joint Municipal Water and Sewer Commission, which has a stated term of 30 years and may be automatically renewed for 2 successive 10-year periods thereafter. Pursuant to the Agreement, the Commission pays the City principal, interest and debt service coverage for 30.183% of the Series 2009 SRF Loan debt service requirements (in addition to other rates and charges). The monthly payment amount is \$52,894, or \$634,728 annually, plus an additional 15% of such amount for debt service coverage. According to the Agreement, revenue generated by the Debt Service Charge (as defined in the Agreement) shall be considered operating revenue for the City.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Changes in the long-term debt of the City during the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due within One Year
Governmental Activities:					
TIF Revenue Bonds - Series 2017	\$ 6,500,000	\$ -	\$ (325,000)	\$ 6,175,000	\$ 340,000
Premium on bonds	265,254	-	(31,584)	233,670	-
Total revenue bonds	6,765,254	-	(356,584)	6,408,670	340,000
Installment purchase contracts (direct borrowings)	685,222	738,000	(454,324)	968,898	368,301
Accrued compensated absences	452,436	273,180	(213,897)	511,719	211,877
Net pension liability	13,028,583	3,870,341	(2,481,745)	14,417,179	-
Total OPEB liability	1,510,772	238,388	(362,674)	1,386,486	138,405
	<u>\$ 22,442,267</u>	<u>\$ 5,119,909</u>	<u>\$ (3,869,224)</u>	<u>\$ 23,692,952</u>	<u>\$ 1,058,583</u>
Business-type Activities:					
State revolving loans (direct borrowings)	\$ 24,420,012	\$ 1,927,677	(841,194)	\$ 25,506,495	\$ 858,174
Water and Sewer System revenue bonds	25,000,000	-	(2,240,000)	22,760,000	2,415,000
Premium on bonds	3,291,842	-	(601,406)	2,690,436	-
Discount on bonds	(6,012)	-	3,343	(2,669)	-
Total revenue bonds	28,285,830	-	(2,838,063)	25,447,767	2,415,000
Accrued compensated absences	196,699	144,403	(120,193)	220,909	120,193
Net pension liability	6,767,746	1,534,061	(1,047,707)	7,254,100	-
Total OPEB liability	327,782	20,605	(31,412)	316,975	2,825
	<u>\$ 59,998,069</u>	<u>\$ 3,626,746</u>	<u>\$ (4,878,569)</u>	<u>\$ 58,746,246</u>	<u>\$ 3,396,192</u>

For the City's governmental activities, the General Fund is used to liquidate the installment purchase contracts, the accrued compensated absences, the net pension liability, and the total OPEB liability.

Revenue Bond Covenants

There are a number of limitations and restrictions contained in the City's revenue bond ordinances and indentures. In 2016, the City adopted a Master Bond Ordinance where it requires, among other requirements, for the City to prescribe and maintain rates and charges for services and facilities furnished by the Water and Sewer Utility system which, together with other income, are reasonably expected to yield annual Net Earnings (as defined in the Bond Ordinance) in the current fiscal year equal to at least the sum of 115% of the Annual Principal and Interest Requirement in such fiscal year for all bonds outstanding. Net Earnings under the Bond Ordinance include Capital Facility Charges.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Security for Revenue Bonds and SRF Loans

As stated earlier and pursuant to the Master Bond Ordinance and applicable Series ordinances, the City's Revenue Bonds and SRF loans are secured by and payable from a pledge of the Utility System's Net Revenues (as defined in the Master Bond Ordinance). The pledge and liens securing the SRF Loans (Series' 2002, 2009, 2015 and 2017) are on parity in all respects with the pledge and liens securing the revenue bonds (Series 2016A&B). Security for the Series 2017 TIF Bonds is an irrevocable pledge of certain incremental property tax revenues derived from the Redevelopment District (Pledged Incremental Revenues as defined in the Ordinance). If Pledged Incremental Revenues are insufficient to make bond payments, the City pledged Net Revenues from its Water and Sewer Utility System, which results in a Junior Lien Bond.

Redemptions

The Series 2016A Bonds shall not be subject to optional redemption prior to their stated maturities. The Series 2016B Bonds maturing on and after July 1, 2027, are subject to redemption at any time on and after July 1, 2026, at a redemption price of par plus accrued interest to the date of redemption. The City may prepay any outstanding SRF Loan balances plus accrued interest thereon without penalty. Redemption of the Series 2017 TIF Bonds maturing subsequent to June 15, 2027, are subject to redemption prior to maturity at the option of the City, on and after June 15, 2027, as a whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date of redemption.

Events and Remedies of Default

Pursuant to the Master Bond Ordinance, and as more fully described in Article XIII and XIV thereto, an event of default can occur when (i) payment of principal and interest on any Bond is not made when the same is due and payable, (ii) payment of principal and interest on any Junior Lien Bond is not made when the same is due and payable, (iii) the City does not comply with its Rate Covenant subject to certain exceptions as described in the Master Bond Ordinance, (iv) the City is incapable of fulfilling its obligations under the Master Bond Ordinance, or series bond ordinance(s), including a failure to operate the Water and Sewer Utility System in an efficient and businesslike fashion so as to materially impair the operations of the System if such cannot be corrected within a thirty (30) day period after written notice, or (v) the City defaults under any reimbursement agreement between the City and a provider of a surety bond, insurance policy or letter of credit. Upon the occurrence of an Event of Default, the Trustee may, and shall upon the written request of the Bond Holders of not less than fifty-one (51%) in the aggregate principal amount of outstanding bonds, declare all outstanding principal and accrued interest of bonds be immediately due and payable from all moneys and securities then held by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, and governed by an 11-member Board, 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' five defined benefit pension plans. PEBA has an 11-member Board of Directors, 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 generally accepted accounting principles (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. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. 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 ACFR of the state.

Plan Description:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Plan Description (Continued):

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

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 described below.

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

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

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System - 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.

South Carolina Police Officers Retirement System - 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

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, SCRS and PORS 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. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contributions 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 SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for 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 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 plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the fiscal year ended June 30, 2023, the City contributed \$1,300,654 to the SCRS plan and \$873,050 to the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2023, are as follows:

South Carolina Retirement System

Employee class two	9.00% of earnable compensation
Employee class three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee class two	9.75% of earnable compensation
Employee class three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2023, are as follows:

South Carolina Retirement System

Employer class two	17.41% of earnable compensation
Employer class three	17.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	19.84% of earnable compensation
Employer class three	19.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2022, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2023, (measurement date of June 30, 2022), the net pension liability amounts associated with the SCRS and PORS plans on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%	0.058336%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%	0.251065%

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 following table provides a summary of the actuarial assumptions and methods used in the July 1, 2021, valuations for SCRS and PORS.

	<u>SCRS</u>	<u>PORS</u>
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% (varied by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

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

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate (Private)	9.0%	4.12%	0.37%
Infrastructure (Public)	3.0%	5.88%	0.18%
	100.0%		
		Total expected real return	4.79%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.04%

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Discount Rate:

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The following table presents the sensitivity of the net pension liability.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
Fiscal Year	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 18,131,640	\$ 14,141,884	\$ 10,824,920
PORS	10,499,288	7,529,395	5,098,258

Pension Expense:

For the year ended June 30, 2023, the City recognized its proportionate share of collective pension expense of \$1,186,699 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$16,374) for a total of \$1,170,325 for the SCRS plan. Additionally, for the year ended June 30, 2023, the City recognized its proportionate share of collective pension expense of \$733,412 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$56,458 for a total of \$789,870 for the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

South Carolina Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 122,867	\$ 61,630
Changes of assumptions	453,563	-
Net difference between projected and actual earnings on pension plan investments	21,810	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	161,944	421,494
Employer contributions subsequent to the measurement date	<u>1,300,654</u>	<u>-</u>
Total	<u>\$ 2,060,838</u>	<u>\$ 483,124</u>
South Carolina Police Officers Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 126,328	\$ 148,844
Changes of assumptions	313,536	-
Net difference between projected and actual earnings on pension plan investments	22,737	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,633	253,617
Employer contributions subsequent to the measurement date	<u>873,050</u>	<u>-</u>
Total	<u>\$ 1,415,284</u>	<u>\$ 402,461</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): City contributions subsequent to the measurement date of \$1,300,654 and \$873,050 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2024	\$ 265,700	\$ 138,567
2025	93,772	22,060
2026	(451,222)	(313,520)
2027	368,810	292,666
Total	<u>\$ 277,060</u>	<u>\$ 139,773</u>

Pension Plan Fiduciary Net Position:

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In addition to the pension benefits described in Note 8, the City's single employer defined benefit OPEB plan (the "Plan"), provides, if elected, other post-employment benefits for any employee who was hired prior to July 1, 2009, and who qualifies under the South Carolina Retirement System's regular service retirement and who has 15 years of service with the City. The program is a single employer defined benefit OPEB plan administered by the City, as approved by the Mayor and City Council. "Section 2-123" of the City Code published in 1996, adopted and effective May 14, 1996, grants the authority to establish and amend the benefit terms and financing requirements (funding policy) to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Plan Membership

As of June 30, 2023, measurement date of June 30, 2022, the Plan membership consisted of the following:

Active participants	33
Retirees and beneficiaries currently receiving benefits	14
Total	<u>47</u>

Benefits Provided

The OPEB plan offers retired employees' premium payments for the employee group health insurance (including dental and vision) at no cost. The City's medical policy premium rates are based upon age and ranged from \$513 to \$527 for the retiree, and from \$526 to \$539 for the spouse for the program year ended June 30, 2022. The retirees pay nothing for retiree only coverage and pay 100% for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The spouse coverage ceases upon death of the retiree. The plan also provides all retirees with \$15,000 of life insurance benefits which costs \$44 per year, all of which is contributed by the employer.

City Contributions

The City's contributions are financed on a pay-as-you-go basis and, therefore, no trust fund has been established which would maintain plan assets. At June 30, 2023, the City had 14 retired employees with an average age of 62 years covered by the program with monthly premium costs averaging \$619 per participant.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability

At June 30, 2023, the City's total OPEB liability equaled \$1,703,461, of which \$1,386,486 was for Governmental Activities (General Fund) and \$316,975 was for Business-type Activities. This amount was based on an actuarial valuation as of June 30, 2022.

The components of the net OPEB Liability of the City as of June 30, 2022 (the measurement date), were as follows:

	Total OPEB Liability (a)
Balances, beginning of year	\$ 1,838,554
Changes for the year:	
Service cost	61,265
Interest	38,785
Difference between expected and actual experience	158,943
Assumption changes	(275,238)
Benefit payments, including refunds of employee contributions	(118,848)
Net changes	(135,093)
Balances, end of year	\$ 1,703,461

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry Age Normal
Inflation	2.50%
Projected salary increases	3.00%
Discount rate	4.09%
Health care trend - medical	5.50%
Health care trend - dental	2.00%
Health care trend - life insurance	0.00%
Retiree contribution	0% for retiree, 100% for spouse
Mortality, disability, retirement, and withdrawal rates	South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) Pension Valuation Reports as of July 1, 2021
Morbidity rates	Under age 65 - 4.00% per age South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) Pension Valuation Reports as of July 1, 2021
Election at retirement	100%
Marital status	5% of retirees electing coverage will cover a spouse

Since the last actuarial valuation dated June 30, 2022, the discount rate was adjusted to 4.09% per GASB 75, which state that the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 4.09% was used for the measurement period ending June 30, 2022 (used for financial reporting at June 30, 2023), which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2022.

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other postemployment benefit (OPEB) liabilities and the actuarial value of other OPEB assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following exhibit presents the net OPEB liability of the Plan, calculated using current health care cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates.

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

	Current Healthcare Cost Trend Rates	
1% Decrease		1% Increase
\$ 1,578,252	\$ 1,703,461	\$ 1,842,313

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

The following exhibits present the net OPEB liability of the Plan, calculated using the discount rate of 4.09%, as well as what the Plan's net OPEB liability would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

	Discount Rate	
1% Decrease (3.09%)	(4.09%)	1% Increase (5.09%)
\$ 1,799,077	\$ 1,703,461	\$ 1,612,343

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the OPEB plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows and Inflows of Resources Related to OPEB

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense they are classified as *Deferred Outflows of Resources*. If they serve to reduce OPEB expense they are classified as *Deferred Inflows of Resources*. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed six-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,301	\$ 826,272
Changes of assumptions	286,759	217,895
City contributions subsequent to the measurement date	141,230	-
Total	\$ 573,290	\$ 1,044,167

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (196,631)
2025	(196,631)
2026	(210,681)
2027	(8,164)
	\$ (612,107)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

The City made contributions of \$141,230 subsequent to the measurement date of June 30, 2022, but within the fiscal year ended June 30, 2023, which will be recognized as a reduction in the total OPEB liability in fiscal year June 30, 2024.

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial property insurance coverage; general liability coverage; inland marine and automobile liability; professional and public official's liability; and various Fidelity bond coverages for its employees. There have been no significant reductions in insurance coverage in the current year and settled claims have not exceeded coverage in any of the last three fiscal years.

NOTE 11. NET INVESTMENT IN CAPITAL ASSETS

Reported amounts for net investment in capital assets were as follows as of June 30, 2022:

<u>Net Investment in Capital Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net capital assets	\$ 23,244,543	\$ 133,673,853
Less, capital related debt (net of unamortized bond premium/discount)	(7,377,568)	(50,954,262)
Add, deferred refunding charges	-	392,895
Add, unspent portion of debt proceeds	1,145,423	-
Total net investment in capital assets	<u>\$ 17,012,398</u>	<u>\$ 83,112,486</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES

Tax Abatements

The City's property tax revenues were reduced by \$1,130,961 under agreements entered into by Lexington County under Fee-in-lieu of Tax and Special Source Revenue Credit Program agreements for the year ended June 30, 2023. The State of South Carolina reimbursed Lexington County for \$3,535 of these revenues which the County subsequently remitted to the City.

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial, and no provision has been made in the accompanying financial statements for the refund of grant monies.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAYCE, SOUTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 4,565,060	\$ 4,565,060	\$ 5,010,946	\$ 445,886
Licenses and permits	5,113,455	5,113,455	5,226,170	112,715
Fines and forfeitures	210,000	210,000	197,280	(12,720)
State shared revenue	481,500	481,500	515,413	33,913
Current services	1,702,000	1,702,000	1,505,642	(196,358)
Grants and other	280,000	280,000	801,838	521,838
Interest income	5,000	5,000	108,486	103,486
Miscellaneous	2,387,050	2,387,050	2,499,804	112,754
Total revenues	<u>14,744,065</u>	<u>14,744,065</u>	<u>15,865,579</u>	<u>1,121,514</u>
Expenditures:				
Current:				
Legislative	148,109	148,109	140,690	7,419
Administrative	1,136,021	1,161,021	1,162,220	(1,199)
Recorder's court	273,855	273,855	256,932	16,923
Legal	156,825	156,825	128,906	27,919
Information technology	355,996	355,996	279,833	76,163
Finance and accounting	367,623	367,623	313,960	53,663
Tax collector	23,000	23,000	22,750	250
Public safety:				
Administrative	1,139,644	1,153,935	1,040,008	113,927
Detectives	907,742	807,742	721,002	86,740
Police	3,473,807	4,102,768	4,126,266	(23,498)
Fire	1,992,397	1,940,397	1,943,993	(3,596)
Animal services	92,564	51,248	28,583	22,665
Parks	369,201	356,617	380,415	(23,798)
School resource officer	635,952	-	9,103	(9,103)
Dispatch	515,972	512,572	400,027	112,545
Street lighting	375,000	375,000	383,817	(8,817)
Sanitation	1,309,639	1,309,639	1,312,866	(3,227)
Public buildings	112,744	112,744	109,516	3,228
Community relations	153,725	153,725	151,849	1,876
Planning and development	605,511	605,511	620,836	(15,325)
Museum	157,783	157,783	118,050	39,733
Parks	954,025	954,025	869,164	84,861
Garage	449,102	449,102	470,666	(21,564)
Non-departmental and support services	77,000	77,000	91,169	(14,169)
Debt service	560,059	560,059	493,505	66,554
Capital outlay	403,769	855,769	1,626,352	(770,583)
Total expenditures	<u>16,747,065</u>	<u>17,022,065</u>	<u>17,202,478</u>	<u>(180,413)</u>
Deficiency of revenues under expenditures	<u>(2,003,000)</u>	<u>(2,278,000)</u>	<u>(1,336,899)</u>	<u>941,101</u>
Other financing sources:				
Issuance of debt	488,000	738,000	738,000	-
Sale of assets	80,000	80,000	90,999	10,999
Transfers from other funds	1,435,000	1,435,000	1,449,049	14,049
Total other financing sources	<u>2,003,000</u>	<u>2,253,000</u>	<u>2,278,048</u>	<u>25,048</u>
Net change in fund balances	<u>-</u>	<u>(25,000)</u>	<u>941,149</u>	<u>966,149</u>
Fund balances, beginning of year	<u>9,620,700</u>	<u>9,620,700</u>	<u>9,620,700</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,620,700</u>	<u>\$ 9,595,700</u>	<u>\$ 10,561,849</u>	<u>\$ 966,149</u>

CITY OF CAYCE, SOUTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

A. Budgets and Budgetary Accounting

A legal operating budget is prepared annually for the General Fund and Water and Sewer Utility Fund: Informal budgetary controls are maintained for other funds, and accordingly, budgetary comparisons to actual are not presented. Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. If applicable, project length financial plans are adopted for all capital project funds.

The City follows the procedures described below in establishing its annual budget.

- By April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- Appropriations lapse, except for encumbered amounts, at the end of each fiscal year.

The City Manager is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers. Subsequent expenditures approved by City Council shall automatically carry amendments to fund appropriation where applicable. Accordingly, the legal level of budgeting control is made by fund appropriation.

Budgeted amounts presented in the schedule are as originally adopted, or as amended. If budgeted expenditures exceeded estimated revenues, these deficits were funded (if necessary) by unassigned and applicable reserved fund balances and/or additional unbudgeted revenue and transfers.

Budget to Actual Deficits

Should actual General Fund expenditures exceed final budget, such differences would be funded by unassigned and reserved fund balances, additional unbudgeted revenue, and transfers as applicable.

CITY OF CAYCE, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	2023	2022	2021	2020	2019	2018
Service cost	\$ 61,265	\$ 63,564	\$ 60,434	\$ 135,600	\$ 131,268	\$ 127,074
Interest	38,785	46,088	91,865	114,361	112,960	85,251
Differences between expected and actual experience	158,943	-	(1,682,277)	-	-	63,702
Changes in assumptions or other inputs	(275,238)	52,049	75,091	-	-	524,476
Contributions - employer	-	-	-	(60,331)	(62,184)	-
Benefit payments	(118,848)	(111,567)	(98,700)	(164,106)	(140,597)	(147,565)
Other changes	-	-	(66,972)	-	-	107,931
Net change in total OPEB liability	(135,093)	50,134	(1,620,559)	25,524	41,447	760,869
Total OPEB liability - beginning	1,838,554	1,788,420	3,408,979	3,383,455	3,342,008	2,581,139
Total OPEB liability - ending	\$ 1,703,461	\$ 1,838,554	\$ 1,788,420	\$ 3,408,979	\$ 3,383,455	\$ 3,342,008
Discount Rate	4.09%	2.18%	2.66%	3.40%	3.40%	4.50%
Covered-employee payroll	\$ 1,924,162	\$ 2,508,259	\$ 2,434,067	\$ 2,585,616	\$ 2,492,104	\$ 2,581,289
Total OPEB liability as a percentage of covered-employee payroll	88.5%	73.3%	73.5%	131.8%	135.8%	129.5%

Notes:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

The schedule will present 10 years of information once it is accumulated.

CITY OF CAYCE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30,

South Carolina Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.0583360%	\$ 14,141,884	\$ 6,218,339	227.4%	57.1%
2021	0.0608000%	13,157,959	6,872,912	191.4%	60.7%
2020	0.0597260%	15,261,150	6,663,289	229.0%	50.7%
2019	0.0590170%	13,475,973	6,232,005	216.2%	54.4%
2018	0.0583940%	13,084,337	6,017,697	217.4%	54.1%
2017	0.0584570%	12,315,961	5,897,743	223.1%	53.3%
2016	0.0562080%	12,005,946	5,443,028	220.6%	52.9%
2015	0.0547510%	10,383,791	5,133,635	202.3%	57.0%
2014	0.0535100%	9,212,648	4,849,702	190.0%	59.9%
2013	0.0535100%	9,597,785	4,933,520	194.5%	59.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.251065%	\$ 7,529,395	\$ 3,520,629	213.9%	66.4%
2021	0.258010%	6,638,370	3,879,663	171.1%	70.4%
2020	0.264984%	8,787,447	4,002,981	219.5%	58.8%
2019	0.257188%	7,370,866	3,730,414	197.6%	62.7%
2018	0.240951%	6,827,440	3,336,280	204.6%	61.7%
2017	0.234710%	6,430,105	3,160,823	203.4%	60.9%
2016	0.228800%	5,803,556	2,916,939	199.0%	60.4%
2015	0.225160%	4,907,354	2,789,410	175.9%	64.6%
2014	0.228990%	4,383,771	2,762,383	158.7%	67.5%
2013	0.228990%	4,746,817	2,267,964	209.3%	67.5%

CITY OF CAYCE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

South Carolina Retirement System					
Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 1,300,654	\$ 1,300,654	\$ -	\$ 7,406,911	17.6%
2022	1,029,757	1,029,757	-	6,218,339	16.6%
2021	1,069,425	1,069,425	-	6,872,912	15.6%
2020	1,026,813	1,026,813	-	6,663,289	15.4%
2019	898,032	898,032	-	6,232,005	14.4%
2018	811,322	811,322	-	6,017,697	13.5%
2017	667,638	667,638	-	5,897,743	11.3%
2016	635,004	635,004	-	5,443,028	11.7%
2015	557,599	557,599	-	5,133,635	10.9%
2014	514,069	514,069	-	4,849,702	10.6%

South Carolina Police Officers Retirement System					
Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 873,050	\$ 873,050	\$ -	\$ 4,313,491	20.2%
2022	677,369	677,369	-	3,520,629	19.2%
2021	707,651	707,651	-	3,879,663	18.2%
2020	714,132	714,132	-	4,002,981	17.8%
2019	628,202	628,202	-	3,730,414	16.8%
2018	528,467	528,467	-	3,336,280	15.8%
2017	422,067	422,067	-	3,160,823	13.4%
2016	406,098	406,098	-	2,916,939	13.9%
2015	374,067	374,067	-	2,789,410	13.4%
2014	354,690	354,690	-	2,762,383	12.8%

CITY OF CAYCE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO THE SCHEDULE OF THE CITY'S CONTRIBUTIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Actuarial assumptions used in determining the statutorily required contributions are as follows:

System	SCRS	PORS
Calculation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	27 years maximum, closed period	27 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF CAYCE, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	State Accommodations Tax	Local Accommodations Tax	Hospitality Tax	ABC Permit Fund	Law Enforcement Grant Fund	Museum Fund	Capital Projects Fund		Debt Service Fund
ASSETS									
Cash and cash equivalents:									
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,124	\$ -	\$ 5,704,632	\$ 5,782,756
Restricted	110,004	-	1,424,330	51,556	62	-	1,145,423	-	2,731,375
Hospitality taxes receivable	-	-	350	-	-	-	-	-	350
Other receivables	57,672	-	-	3,000	-	32	-	2,487	63,191
Due from other funds	231	-	7,007	108	-	164	2,410	11,888	21,808
Total assets	167,907	-	1,431,687	54,664	62	78,320	1,147,833	5,719,007	8,599,480
LIABILITIES									
Accounts payable	14,655	-	178	-	-	-	-	1,605,072	1,619,905
Due to other funds	8,821	-	16,139	-	-	-	-	-	24,960
Total liabilities	23,476	-	16,317	-	-	-	-	1,605,072	1,644,865
FUND BALANCES									
Restricted:									
Tourism and community development	144,431	-	1,415,370	-	-	-	-	-	1,559,801
ABC permit activities	-	-	-	54,664	-	-	-	-	54,664
Law enforcement	-	-	-	-	62	-	-	-	62
Capital projects	-	-	-	-	-	-	1,147,833	-	1,147,833
Debt service	-	-	-	-	-	-	-	4,113,935	4,113,935
Assigned									
Museum improvement	-	-	-	-	-	78,320	-	-	78,320
Total fund balances	144,431	-	1,415,370	54,664	62	78,320	1,147,833	4,113,935	6,954,615
Total liabilities, deferred inflows of resources, and fund balances	\$ 167,907	\$ -	\$ 1,431,687	\$ 54,664	\$ 62	\$ 78,320	\$ 1,147,833	\$ 5,719,007	\$ 8,599,480

CITY OF CAYCE, SOUTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds								Total Nonmajor Governmental Funds
	State Accommodations Tax	Local Accommodations Tax	Hospitality Tax	ABC Permit Fund	Law Enforcement Grant Fund	Museum Fund	Capital Projects Fund	Debt Service Fund	
Revenues:									
Accommodations and hospitality taxes	\$ 164,987	\$ 244,070	\$ 1,509,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,918,615
Property taxes	-	-	-	-	-	-	-	1,168,802	1,168,802
Intergovernmental	-	-	23,000	-	-	-	-	-	23,000
State shared revenue	-	-	-	13,800	-	-	-	161,182	174,982
Interest on investments	1,125	-	-	-	25	265	13,065	75,120	89,600
Other	68,733	1,610	16,112	535	-	-	-	-	86,990
Total revenues	234,845	245,680	1,548,670	14,335	25	265	13,065	1,405,104	3,461,989
Expenditures:									
Planning and community development:									
Tourism related	69,018	-	62,935	-	-	-	-	-	131,953
Capital outlay	-	-	153,241	-	-	10,313	297,522	-	461,076
Public safety	-	-	-	-	3,451	-	-	-	3,451
Debt service:									
Principal	-	-	-	-	-	-	-	325,000	325,000
Interest and fiscal charges	-	-	-	-	-	-	-	242,613	242,613
Total expenditures	69,018	-	216,176	-	3,451	10,313	297,522	567,613	1,164,093
Excess (deficiency) of revenues over (under) expenditures	165,827	245,680	1,332,494	14,335	(3,426)	(10,048)	(284,457)	837,491	2,297,896
Other financing sources (uses):									
Transfers in	-	-	-	-	-	10,650	-	-	10,650
Transfers out	(37,230)	(245,680)	(1,176,789)	-	-	-	-	-	(1,459,699)
Total other financing sources (uses)	(37,230)	(245,680)	(1,176,789)	-	-	10,650	-	-	(1,449,049)
Net change in fund balances	128,597	-	155,705	14,335	(3,426)	602	(284,457)	837,491	848,847
Fund balances, beginning of year	15,834	-	1,259,665	40,329	3,488	77,718	1,432,290	3,276,444	6,105,768
Fund balances, end of year	\$ 144,431	\$ -	\$ 1,415,370	\$ 54,664	\$ 62	\$ 78,320	\$ 1,147,833	\$ 4,113,935	\$ 6,954,615

WATER AND SEWER UTILITY FUND

CITY OF CAYCE, SOUTH CAROLINA

**WATER AND SEWER UTILITY FUND
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Operating Revenue				
Water:				
Sales	\$ 6,000,000	\$ 6,000,000	\$ 5,796,616	\$ (203,384)
Connection fees	100,000	100,000	107,295	7,295
Sewer:				
Service charges	12,089,474	12,089,474	12,599,305	509,831
Connection fees	2,000	2,000	-	(2,000)
Septage/grease services:				
Sales and permits	1,653,000	1,653,000	1,179,438	(473,562)
Pretreatment set-up fees	80,000	80,000	79,140	(860)
Reconnection fees	35,000	35,000	44,440	9,440
Penalties	220,000	220,000	220,940	940
Miscellaneous	155,000	155,000	127,274	(27,726)
Total operating revenue	<u>20,334,474</u>	<u>20,334,474</u>	<u>20,154,448</u>	<u>(180,026)</u>
Operating Expenses				
Administrative	726,907	726,907	574,064	152,843
Utility billing	1,027,536	1,027,536	985,837	41,699
Water treatment plant	1,674,081	1,674,081	1,637,205	36,876
Water distribution and maintenance	1,786,179	1,786,179	1,637,738	148,441
Wastewater treatment plant	5,523,613	5,523,613	4,996,646	526,967
Sewer collection and outfall lines	1,902,171	1,902,171	1,571,359	330,812
Septage and grease receiving station	769,664	769,664	571,867	197,797
Non-departmental and support services	2,156,251	2,156,251	2,134,138	22,113
Depreciation	-	-	6,035,123	(6,035,123)
Total operating expenses	<u>15,566,402</u>	<u>15,566,402</u>	<u>20,143,977</u>	<u>(4,577,575)</u>
Operating income (loss)	<u>4,768,072</u>	<u>4,768,072</u>	<u>10,471</u>	<u>(4,757,601)</u>
Non-operating Revenues (Expenses)				
Interest income	10,000	10,000	245,052	235,052
Gains from sale of capital assets	35,000	35,000	41,271	6,271
Interest expense	-	-	(887,463)	(887,463)
Amortization of bond refinancing losses	-	-	(151,145)	(151,145)
Fiscal agent fees	(8,000)	(8,000)	(9,859)	(1,859)
Total non-operating revenues (expenses), net	<u>37,000</u>	<u>37,000</u>	<u>(762,144)</u>	<u>(799,144)</u>
Income (loss) before contributions	<u>4,805,072</u>	<u>4,805,072</u>	<u>(751,673)</u>	<u>(5,556,745)</u>
Capital Contributions				
Capacity charges and other capital contributions	739,632	739,632	1,139,847	400,215
Change in net position	<u>5,544,704</u>	<u>5,544,704</u>	<u>388,174</u>	<u>(5,156,530)</u>
Net position, beginning of year	<u>96,878,076</u>	<u>96,878,076</u>	<u>96,878,076</u>	<u>-</u>
Net position, end of year	<u>\$ 102,422,780</u>	<u>\$ 102,422,780</u>	<u>\$ 97,266,250</u>	<u>\$ (5,156,530)</u>

CUSTODIAL FUNDS

CITY OF CAYCE, SOUTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Custodial Funds</u>		<u>Total Custodial Funds</u>
	<u>Firemen's Fund</u>	<u>Police Fund</u>	
ASSETS			
Cash and cash equivalents - unrestricted	\$ -	\$ 23,913	\$ 23,913
Cash and cash equivalents - restricted	62,649	69,198	131,847
Total assets	<u>62,649</u>	<u>93,111</u>	<u>155,760</u>
LIABILITIES			
Amounts due to others	62,649	87,740	150,389
Total liabilities	<u>62,649</u>	<u>87,740</u>	<u>150,389</u>
Net position, beginning of year (restated)	<u>-</u>	<u>527</u>	<u>527</u>
NET POSITION			
Restricted for individuals, organizations and other governments	-	5,371	5,371
	<u>\$ -</u>	<u>\$ 5,371</u>	<u>\$ 5,371</u>

CITY OF CAYCE, SOUTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Custodial Funds</u>		<u>Total Custodial Funds</u>
	<u>Firemen's Fund</u>	<u>Police Fund</u>	
ADDITIONS			
Insurance fees	\$ 55,630	\$ -	\$ 55,630
Seizures	-	15,404	15,404
Interest income	802	-	802
Miscellaneous	80	-	80
Total additions	<u>56,512</u>	<u>15,404</u>	<u>71,916</u>
DEDUCTIONS			
Other custodial disbursements	<u>56,512</u>	<u>10,560</u>	<u>67,072</u>
Total deductions	<u>56,512</u>	<u>10,560</u>	<u>67,072</u>
Change in fiduciary net position	-	4,844	4,844
Net position, beginning of year	<u>-</u>	<u>527</u>	<u>527</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ 5,371</u></u>	<u><u>\$ 5,371</u></u>

VICTIM'S RIGHTS ASSISTANCE

CITY OF CAYCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			\$ 257,217	\$ 257,217
Court fines and assessments remitted to State Treasurer			232,767	232,767
Total Court Fines and Assessments retained	N/A	N/A	\$ 24,450	\$ 24,450
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 4,249	\$ 4,249
Assessments retained			20,201	20,201
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 24,450	\$ 24,450

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ -	N/A	\$ -
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	20,201	N/A	20,201
Victim Service Surcharges Retained by City/County Treasurer	4,249	N/A	4,249
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	60,660	N/A	60,660
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 85,110	N/A	\$ 85,110

**CITY OF CAYCE, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 82,543	N/A	\$ 82,543
Operating Expenditures	2,567	N/A	2,567
Victim Service Contract(s):			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund		N/A	-
Total Expenditures from Victim Service Fund/Program (B)	85,110	N/A	85,110
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	N/A	-
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ -	N/A	\$ -



STATISTICAL SECTION

City of Cayce, South Carolina



Contact Us
803-796-9020



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www.caycesc.gov

STATISTICAL SECTION

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

Contents

	<u>Page</u>
Financial Trends	87 - 93
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	94 - 97
<i>These schedules contain information to help the reader assess the County's most significant local revenue sources.</i>	
Debt Capacity	98 - 103
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	104 and 105
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
Operating Information	106 - 108
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year.

CITY OF CAYCE, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 17,012,398	\$ 17,125,855	\$ 16,250,911	\$ 16,893,546	\$ 17,383,993	\$ 16,595,971	\$ 15,430,572	\$ 13,078,235	\$ 11,187,075	\$ 4,809,369
Restricted	5,730,872	4,595,760	3,709,498	5,129,365	5,179,447	10,489,686	2,503,787	4,089,583	2,900,003	2,329,686
Unrestricted	(4,101,971)	(5,504,210)	(6,110,682)	(9,109,828)	(8,521,214)	(13,118,929)	(5,338,793)	(6,446,015)	(5,968,176)	(10,307,729)
Total governmental activities net position	\$ 18,641,299	\$ 16,217,405	\$ 13,849,727	\$ 12,913,083	\$ 14,042,226	\$ 13,966,728	\$ 12,595,566	\$ 10,721,803	\$ 8,118,902	\$ (3,168,674)
Business-type Activities										
Net investment in capital assets	\$ 83,112,486	\$ 84,354,649	\$ 86,040,717	\$ 87,328,355	\$ 87,473,689	\$ 84,289,609	\$ 80,976,020	\$ 78,314,467	\$ 79,196,265	\$ 73,208,919
Restricted	9,949,968	9,949,968	9,949,968	9,949,968	9,322,177	9,501,428	9,802,563	7,255,808	8,302,471	11,443,354
Unrestricted	4,203,796	2,573,459	788,529	12,421	(1,506,592)	(1,462,306)	(1,560,368)	(100,462)	(2,830,540)	(1,725,791)
Total business-type activities net position	\$ 97,266,250	\$ 96,878,076	\$ 96,779,214	\$ 97,290,744	\$ 95,289,274	\$ 92,328,731	\$ 89,218,215	\$ 85,469,813	\$ 84,668,196	\$ 82,926,482
Primary Government										
Net investment in capital assets	\$ 100,124,884	\$ 101,480,504	\$ 102,291,628	\$ 104,221,901	\$ 104,857,682	\$ 100,885,580	\$ 96,406,592	\$ 91,392,702	\$ 90,383,340	\$ 78,018,288
Restricted	15,680,840	14,545,728	13,659,466	15,079,333	14,501,624	19,991,114	12,306,350	11,345,391	11,202,474	13,773,040
Unrestricted	101,825	(2,930,751)	(5,322,153)	(9,097,407)	(10,027,806)	(14,581,235)	(6,899,161)	(6,546,477)	(6,798,716)	(12,033,520)
Total primary government net position	\$ 115,907,549	\$ 113,095,481	\$ 110,628,941	\$ 110,203,827	\$ 109,331,500	\$ 106,295,459	\$ 101,813,781	\$ 96,191,616	\$ 92,787,098	\$ 79,757,808

Note: GASB 65 was implemented for the fiscal year ended 6/30/14. GASB 68 was implemented for fiscal year ended 6/30/15. Effects of implementing these statements are not reflected in fiscal years prior to 2014. GASB 75 was implemented effective for fiscal year ended 6/30/18. The effects of implementing GASB 75 are not reflected in fiscal years prior to 2018.

CITY OF CAYCE, SOUTH CAROLINA

**CHANGES IN NET POSITION ⁽⁶⁾
(Accrual basis of accounting)
LAST TEN FISCAL YEARS**

Expenses	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities: ^{(1) (6) (7)}										
General government	\$ 3,535,487	\$ 2,003,498	\$ 1,157,105	\$ 581,990	\$ 432,879	\$ 370,008	\$ 592,721	\$ 481,829	\$ 434,485	\$ 340,913
Information technology	276,670	334,331	351,880	139,732	67,575	115,260	108,495	84,776	85,962	92,887
Finance	336,322	345,974	346,966	92,532	86,242	83,901	73,568	117,820	56,868	61,747
Public safety	8,092,126	7,364,700	8,198,600	8,437,530	7,434,457	6,869,407	6,116,479	5,719,168	4,976,924	4,964,652
Public works	1,797,991	1,388,387	1,830,793	1,434,404	1,365,137	1,663,974	1,310,352	1,477,526	1,331,873	1,307,718
Planning and community development	896,122	1,108,388	1,138,277	1,627,370	1,334,661	1,267,474	924,506	790,776	675,085	575,489
Parks and museum	975,063	991,524	1,008,511	936,572	889,747	903,950	1,230,689	804,149	636,000	669,385
Garage	456,775	440,166	450,752	315,109	262,379	266,391	276,484	295,422	243,925	245,638
Depreciation (unallocated) ⁽⁷⁾	2,343,719	1,481,478	1,412,158	1,456,515	1,389,879	1,032,413	896,646	708,459	651,325	671,572
Interest	259,677	241,207	257,668	286,664	274,356	266,732	16,513	36,977	55,817	84,250
Total governmental activities	18,969,952	15,699,653	16,152,710	15,308,418	13,537,312	12,839,510	11,546,453	10,516,902	9,148,264	9,014,251
Business-type Activities: ^{(2) (6) (7)}										
Water and sewer utility ⁽⁷⁾	21,192,444	20,334,698	20,701,383	18,706,287	18,215,285	17,753,948	16,753,626	16,549,533	14,868,109	14,627,939
Total business-type activities	21,192,444	20,334,698	20,701,383	18,706,287	18,215,285	17,753,948	16,753,626	16,549,533	14,868,109	14,627,939
Total primary government expenses	\$ 40,162,396	\$ 36,034,351	\$ 36,854,093	\$ 34,014,705	\$ 31,752,597	\$ 30,593,458	\$ 28,300,079	\$ 27,066,435	\$ 24,016,373	\$ 23,642,190
Program Revenue										
Governmental activities:										
Charges for services ⁽³⁾	\$ 1,702,922	\$ 1,755,273	\$ 1,589,513	\$ 1,703,623	\$ 1,479,312	\$ 1,229,471	\$ 1,255,379	\$ 1,270,485	\$ 1,460,765	\$ 948,157
Operating grants and contributions ⁽¹⁾	2,862,603	1,061,248	2,701,577	292,158	407,577	1,327,406	340,742	402,575	242,087	66,562
Capital grants and contributions	-	1,123,985	-	144,287	100,043	139,354	695,130	618,648	6,649,664	4,249
Total governmental activities	4,565,525	3,940,506	4,291,090	2,140,068	1,986,932	2,696,231	2,291,251	2,291,708	8,352,516	1,018,968
Business-type Activities										
Charges for services ⁽⁴⁾	20,154,448	19,044,071	19,401,534	18,987,250	18,442,059	17,431,831	17,251,630	16,865,450	14,971,094	14,566,496
Operating grants and contributions	-	38,745	105,638	-	-	-	95,193	-	-	-
Capital grants and contributions	1,139,847	1,349,752	678,018	1,743,118	2,701,677	2,888,039	3,131,410	948,615	1,604,279	1,233,574
Total business-type activities	21,294,295	20,432,568	20,185,190	20,730,368	21,143,736	20,319,870	20,478,233	17,814,065	16,575,373	15,800,070
Total primary government program revenue	\$ 25,859,820	\$ 24,373,074	\$ 24,476,280	\$ 22,870,436	\$ 23,130,668	\$ 23,016,101	\$ 22,769,484	\$ 20,105,773	\$ 24,927,889	\$ 16,819,038

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CITY OF CAYCE, SOUTH CAROLINA

**CHANGES IN NET POSITION ⁽⁵⁾
(Accrual basis of accounting)
LAST TEN FISCAL YEARS**

General Revenue and Other Changes	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
Property taxes	\$ 6,153,903	\$ 5,051,554	\$ 5,349,779	\$ 4,710,174	\$ 4,815,538	\$ 4,436,724	\$ 4,367,332	\$ 4,066,933	\$ 3,786,956	\$ 3,783,478
Accommodation and hospitality taxes	1,918,615	1,782,582	1,599,060	1,524,268	1,272,104	1,268,973	1,147,949	1,074,154	787,971	98,941
State shared and unallocated intergovernmental	690,395	683,343	599,217	498,302	480,101	408,982	458,807	425,994	410,874	370,738
Business licenses and other taxes	5,226,170	3,841,454	4,783,945	4,883,608	4,893,838	5,302,089	5,049,090	4,586,377	6,704,824	4,043,886
Unrestricted investment earnings	248,435	46,672	1,454	17,794	25,296	3,470	1,555	1,201	1,777	1,813
Gain from sale of assets	90,999	138,672	464,809	58,261	-	43,968	-	35,000	-	171,314
Other	2,499,804	2,582,548	-	346,800	139,001	441,369	104,232	638,436	390,922	422,976
Total governmental activities	16,828,321	14,126,825	12,798,264	12,039,207	11,625,878	11,905,575	11,128,965	10,828,095	12,083,324	8,893,146
Business-type Activities:										
Unrestricted investment earnings	245,052	992	2,089	42,162	30,910	16,528	10,258	10,264	11,223	14,426
Gain (loss) on sale of assets	41,271	-	2,574	(64,773)	-	5,399	13,537	4,423	23,227	-
Other	-	-	-	-	1,182	-	-	-	-	-
Total business-type activities	286,323	992	4,663	(22,611)	32,092	21,927	23,795	14,687	34,450	14,426
Total primary government general revenue and other changes	\$ 17,114,644	\$ 14,127,817	\$ 12,802,927	\$ 12,016,596	\$ 11,657,970	\$ 11,927,502	\$ 11,152,760	\$ 10,842,782	\$ 12,117,774	\$ 8,907,572
Special Item - Wastewater Treatment Plant disposal/decommissioned	\$ -	\$ -								
Changes in Net Position ^{(6) (7)}										
Governmental activities	2,423,894	2,367,678	(511,530)	(1,129,143)	75,498	1,762,296	1,873,763	2,602,901	11,287,576	897,863
Business-type activities	388,174	98,862	425,114	2,001,470	2,960,543	2,587,849	3,748,402	1,279,219	1,741,714	1,186,557
Total primary government changes in net position	\$ 2,812,068	\$ 2,466,540	\$ (86,416)	\$ 872,327	\$ 3,036,041	\$ 4,350,145	\$ 5,622,165	\$ 3,882,120	\$ 13,029,290	\$ 2,084,420

(1) The City reports expenses reimbursed by Water & Sewer Utility Fund net of reimbursement

(2) The City allocates overhead costs associated with its Utility Fund to the functional areas of Governmental Activities

(3) Charges for services for the governmental activities primarily consist of police fines, fire hydrant service fees, sanitation and tipping fees, and other special service fees

(4) Charges for services for the business-type activities consist primarily of sales for water and sewer services and septage and grease fees

(5) Beginning in 2013, the City implemented GASB Statement 63 and reclassified "net assets" to "net position"

(6) Beginning in 2014, the City implemented GASB Statement 65 and GASB Statement 68 which restated bond issue costs as expenses and restated pension liabilities and related deferrals

(7) Beginning in 2018 the City implemented GASB Statement 75 and GASB Statement 68 which changed the accounting and reporting for other post-employment benefits (OPEB)

CITY OF CAYCE, SOUTH CAROLINA

**PROGRAM REVENUE BY FUNCTION
(Accrual basis of accounting)
LAST TEN FISCAL YEARS**

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
General government ⁽¹⁾	\$ 2,528,633	\$ 806,058	\$ 2,471,849	\$ -	\$ -	\$ -	\$ 59,539	\$ 30,000	\$ 149,968	\$ -
Information technology	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public safety	881,617	846,981	724,901	991,567	1,055,568	1,010,363	573,876	900,140	822,249	626,967
Public works	1,043,860	1,117,342	1,071,417	774,947	777,579	1,497,301	1,199,282	531,233	832,971	381,066
Planning and community development	109,990	44,455	22,078	302,713	50,336	73,338	121,179	212,815	8,467	6,200
Parks and museum	1,425	1,125,670	845	70,841	103,449	115,229	337,375	617,520	6,538,861	4,735
Garage	-	-	-	-	-	-	-	-	-	-
Total governmental activities	4,565,525	3,940,506	4,291,090	2,140,068	1,986,932	2,696,231	2,291,251	2,291,708	8,352,516	1,018,968
Business-type Activities:										
Water and sewer utility	21,294,295	20,432,568	20,185,190	20,730,368	21,143,736	20,319,870	20,478,233	17,814,065	16,575,373	14,629,867
Total business-type activities	21,294,295	20,432,568	20,185,190	20,730,368	21,143,736	20,319,870	20,478,233	17,814,065	16,575,373	14,629,867
Total program revenue by function and program	\$ 25,859,820	\$ 24,373,074	\$ 24,476,280	\$ 22,870,436	\$ 23,130,668	\$ 23,016,101	\$ 22,769,484	\$ 20,105,773	\$ 24,927,889	\$ 15,648,835

(1) The City reports governmental expenses reimbursed by the Water and Sewer Utility Fund net of such reimbursement

CITY OF CAYCE, SOUTH CAROLINA

FUND BALANCES - GOVERNMENTAL FUNDS
 (Modified accrual basis of accounting)
 LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Nonspendable	\$ 193,176	\$ 213,025	\$ 146,388	\$ 181,605	\$ 181,733	\$ 65,085	\$ 150,444	\$ 64,979	\$ 559,143	\$ 48,921
Restricted	-	-	-	-	-	12,620	-	21,233	52,783	58,560
Committed	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Assigned	995,938	979,589	1,002,830	1,002,831	964,941	971,072	968,388	930,600	923,610	4,107
Unassigned	<u>9,347,735</u>	<u>8,403,086</u>	<u>7,750,658</u>	<u>6,475,532</u>	<u>6,104,929</u>	<u>6,592,195</u>	<u>5,374,540</u>	<u>4,859,534</u>	<u>4,124,328</u>	<u>1,090,810</u>
Total General Fund	<u>10,561,849</u>	<u>9,620,700</u>	<u>8,924,876</u>	<u>7,684,968</u>	<u>7,276,603</u>	<u>7,665,972</u>	<u>6,518,372</u>	<u>5,901,346</u>	<u>5,684,864</u>	<u>1,227,398</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted, reported in:										
Special revenue funds	1,614,527	1,319,316	1,157,505	682,127	861,077	769,063	761,222	587,173	391,426	131,568
Debt service funds	4,113,935	3,276,444	2,551,993	1,708,910	1,426,238	949,330	550,615	996,764	1,133,993	752,375
Capital projects funds	1,147,833	1,432,290	1,433,716	1,490,928	2,048,940	7,068,546	447,405	735,245	428,440	754,698
Assigned, reported in:										
Special revenue funds	<u>78,320</u>	<u>77,718</u>	<u>77,317</u>	<u>70,300</u>	<u>83,801</u>	<u>83,801</u>	<u>83,801</u>	<u>83,801</u>	<u>83,801</u>	<u>83,801</u>
Total all other governmental funds	<u>\$ 6,954,615</u>	<u>\$ 6,105,768</u>	<u>\$ 5,220,531</u>	<u>\$ 3,952,265</u>	<u>\$ 4,420,056</u>	<u>\$ 8,870,740</u>	<u>\$ 1,843,043</u>	<u>\$ 2,402,983</u>	<u>\$ 2,037,660</u>	<u>\$ 1,722,442</u>
Total primary government	<u>\$ 17,516,464</u>	<u>\$ 15,726,468</u>	<u>\$ 14,145,407</u>	<u>\$ 11,637,233</u>	<u>\$ 11,696,659</u>	<u>\$ 16,536,712</u>	<u>\$ 8,361,415</u>	<u>\$ 8,304,329</u>	<u>\$ 7,722,524</u>	<u>\$ 2,949,840</u>

CITY OF CAYCE, SOUTH CAROLINA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Property taxes	\$ 6,179,748	\$ 5,030,454	\$ 5,397,261	\$ 4,759,028	\$ 4,827,981	\$ 4,350,359	\$ 4,236,423	\$ 4,068,045	\$ 3,776,095	\$ 3,794,008
Accommodation and hospitality taxes	1,918,615	1,782,582	1,599,060	1,524,268	1,272,104	1,251,922	1,147,949	1,068,426	697,654	-
Licenses and permits	5,226,170	3,841,454	4,783,945	5,093,506	4,930,242	5,387,772	5,171,194	4,799,886	6,969,845	4,182,122
Fines and forfeitures	197,280	185,692	130,123	180,781	187,075	181,171	214,485	260,880	329,068	268,380
State shared revenue	690,395	683,343	649,159	498,302	480,101	408,982	454,835	425,994	497,025	470,411
Current services	1,505,642	1,569,581	1,459,390	1,439,177	1,348,045	1,028,901	1,035,625	796,448	848,100	534,410
Grants and other	5,362,407	4,767,781	2,701,577	724,578	462,345	1,865,441	985,667	1,658,789	1,953,891	502,037
Interest income	248,435	46,672	1,454	17,794	25,296	3,470	1,555	1,201	1,777	1,813
Total revenues	21,328,692	17,907,559	16,721,969	14,237,434	13,533,189	14,478,018	13,247,733	13,079,669	15,073,455	9,753,181
Expenditures:										
Current:										
General government	3,689,872	2,101,634	1,344,045	653,815	524,290	448,499	489,207	510,972	418,861	335,743
Information technology	279,833	329,758	334,319	119,188	62,989	105,329	97,066	74,890	78,293	90,231
Finance	336,710	337,311	324,654	86,987	69,722	56,895	72,419	86,021	49,747	62,061
Public safety	8,652,848	8,114,129	7,374,340	7,636,225	6,961,529	6,304,196	5,815,970	5,604,141	4,972,902	5,020,310
Public works	1,806,199	1,684,849	1,689,720	1,384,975	1,312,104	1,285,574	1,253,360	1,424,195	1,309,947	1,289,663
Planning and community development/relations	904,638	1,120,349	1,088,032	1,586,487	1,300,695	1,216,325	897,323	840,806	618,430	569,700
Parks and museum	987,214	973,074	923,710	888,649	834,950	839,029	847,583	766,762	662,474	661,278
Garage	470,666	431,402	421,511	292,995	240,244	234,362	263,316	260,589	237,940	249,836
Non-department and support services	91,169	75,530	81,028	(910)	(4,087)	31,055	5,976	268	26,476	15,601
Debt service and other financing:										
Principal	779,324	638,765	638,847	652,471	529,199	481,562	491,714	603,207	672,857	666,678
Interest	281,794	264,320	276,717	193,211	195,344	166,770	28,590	36,997	55,817	89,405
Debt issue costs	-	-	-	-	-	310,868	19,000	-	-	-
Capital outlay	2,087,428	823,083	440,820	1,225,028	6,669,964	3,677,500	3,431,151	2,324,016	1,213,999	323,518
Total expenditures	20,367,695	16,894,204	14,937,743	14,719,121	18,696,943	15,157,964	13,712,675	12,532,864	10,317,743	9,374,024
Excess (deficiency) of revenues over (under) expenditures	960,997	1,013,355	1,784,226	(481,687)	(5,163,754)	(679,946)	(464,942)	546,805	4,755,712	379,157

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CITY OF CAYCE, SOUTH CAROLINA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other Financing Sources (Uses)										
Proceeds from TIF bond issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,436,275	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of assets	90,999	138,672	472,353	58,261	40,145	44,968	3,028	35,000	16,972	254,931
Installment purchase contracts	738,000	429,034	251,595	364,000	283,556	374,000	519,000	-	-	-
Transfers in	1,459,699	1,275,358	879,337	1,196,433	884,041	911,911	1,761,120	1,404,441	423,300	456,887
Transfers out	(1,459,699)	(1,275,358)	(879,337)	(1,196,433)	(884,041)	(911,911)	(1,761,120)	(1,404,441)	(423,300)	(456,887)
Total other financing sources	828,999	567,706	723,948	422,261	323,701	8,855,243	522,028	35,000	16,972	254,931
Net change in fund balances before extraordinary item	1,789,996	1,581,061	2,508,174	(59,426)	(4,840,053)	8,175,297	57,086	581,805	4,772,684	634,088
Net change in fund balances	1,789,996	1,581,061	2,508,174	(59,426)	(4,840,053)	8,175,297	57,086	581,805	4,772,684	634,088
Fund balances, beginning of year	15,726,468	14,145,407	11,637,233	11,696,659	16,536,712	8,361,415	8,304,329	7,722,524	2,949,840	2,315,752
Fund balances, end of year	\$ 17,516,464	\$ 15,726,468	\$ 14,145,407	\$ 11,637,233	\$ 11,696,659	\$ 16,536,712	\$ 8,361,415	\$ 8,304,329	\$ 7,722,524	\$ 2,949,840
Debt service as a percentage of non-capital expenditures	5.9%	6.1%	6.3%	6.3%	6.0%	5.6%	5.1%	6.3%	8.0%	8.4%

(1) The City reports governmental expenditures reimbursed by the Water and Sewer Utility Fund net of such reimbursement

CITY OF CAYCE, SOUTH CAROLINA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Year	Real and Personal Property					Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Value	Percentage of Total Assessed Value to Estimated Actual Value
	Residential	Manufacturing/ Commercial/ Industrial	Motor Vehicles	Less: Tax Exempt (FILOT)					
2014	\$ 33,707,440	\$ 31,406,130	\$ 5,646,490	\$ (22,208,610)	\$ 48,551,450	44.17	\$ 849,135,496	5.7%	
2015	34,138,570	34,547,080	5,994,890	(24,197,850)	50,482,690	44.17	573,465,498	5.7%	
2016	33,944,810	35,766,070	6,442,250	(24,673,760)	51,479,370	45.36	877,639,579	5.8%	
2017	33,676,700	36,613,870	6,186,310	(23,992,750)	52,484,130	45.36	923,812,039	5.9%	
2018	35,728,800	37,636,160	6,016,820	(24,118,800)	55,262,980	47.69	965,379,606	5.7%	
2019	38,087,130	38,287,970	6,095,340	(24,671,560)	57,798,880	49.69	977,291,004	5.9%	
2020	38,269,500	39,048,610	7,083,120	(24,710,220)	59,691,010	53.73	1,007,737,667	5.9%	
2021*	42,028,880	38,365,310	7,360,460	(22,235,700)	65,518,950	53.73	1,099,288,512	6.0%	
2022	44,388,670	37,648,890	7,790,700	(21,350,530)	68,477,730	53.73	1,160,495,060	5.9%	
2023	47,869,770	37,512,070	8,407,040	(21,260,320)	72,528,560	58.10	1,273,129,119	5.7%	

Source: Lexington County Auditor, Final Tax Year Assessments

(1) Direct tax rate reflects the millage assessed by the City and applied per \$1,000 or total assessed values

*Results due to reassessment year

CITY OF CAYCE, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS (Rate per \$1,000 of assessed value)

Year	City Millage	County Millage	School District Millage	All Other Districts	Total Millage
2014	44.170	76.728	176.210	22.502	319.610
2015	44.170	77.178	176.210	24.002	321.560
2016	45.360	76.968	225.960	22.443	370.731
2017	45.360	77.298	225.960	22.663	371.281
2018	47.690	75.646	225.960	22.543	371.839
2019	49.690	76.797	225.960	22.343	374.790
2020	53.730	77.985	225.960	21.115	383.090
2021*	53.730	75.592	230.220	20.100	379.642
2022	53.730	74.592	234.400	20.030	382.752
2023	58.100	74.592	242.400	20.030	395.122

Source: Lexington County Auditor, Final Millage Reports

* Reassessment year effect on City Millage

(1) Section 6-1-320 of Act 388 of the South Carolina Code of Laws establishes millage caps for local governing bodies equal to the increase in the average of the twelve monthly consumer price indexes for the most recent twelve-month period (January to December of the preceding calendar year), plus beginning in 2008, the percentage increase in the previous year in population growth as determined by the Office of Research and Statistics of the State Budget and Control Board.

CITY OF CAYCE, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS JUNE 30, 2023 AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion/SCANA	\$ 27,071,900	1	31.84%	\$ 23,366,180	1	33.09%
Owen Electric Steel Co. of S.C.	3,679,970	2	4.33%	2,852,940	2	4.54%
Matheson Tri Gas, Inc.	2,588,400	3	3.04%			
Advenir @ One Eleven LLC	1,765,570	4	2.08%			
Brickworks Apartments LLC	1,562,400	5	1.84%			
Otarre Point Realty Partners LLC	1,530,690	6	1.80%			
Granby Millpond NRDE LLC	1,458,000	7	1.71%			
FAH Holdings-Cayce LLC	1,410,000	8	1.66%			
SN Riverside LLC	1,247,230	9	1.47%	1,090,830	3	1.57%
Martin Marietta Materials	1,038,120	10	1.22%			
Granby Crossing, L.P.	593,570		0.70%	448,820	8	0.64%
Bell South Telecommunication, Inc.						
Farm Bureau Insurance of S.C.				781,080	4	1.02%
EDR Cayce, LLC				656,050	5	1.29%
Parkland Partnership				614,290	6	0.87%
CMC Steel				508,990	7	0.72%
Totals	<u>\$ 43,945,850</u>		<u>51.68%</u>	<u>\$30,319,180</u>		<u>43.74%</u>
Total City-wide Assessed Value	<u>85,035,990</u>		<u>100.00%</u>	<u>70,760,060</u>		<u>100.00%</u>

Source: Lexington County Auditor's Office

CITY OF CAYCE, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year ⁽²⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Total Collections to Date	
			Current Amount	Percentage of Levy		Total ⁽³⁾	Percentage of Levy
2014	2013	\$ 2,022,657	\$ 1,958,919	96.85%	\$ 58,085	\$ 2,017,004	99.72%
2015	2014	2,107,404	2,043,271	96.96%	56,622	2,099,893	99.64%
2016	2015	2,196,094	2,124,920	96.76%	63,184	2,188,104	99.64%
2017	2016	2,348,676	2,286,122	97.34%	53,427	2,339,549	99.61%
2018	2017	2,529,945	2,455,628	97.06%	61,277	2,516,904	99.48%
2019	2018	2,747,643	2,633,466	95.84%	92,963	2,726,429	99.23%
2020	2019	3,054,450	2,965,319	97.08%	73,854	3,039,173	99.50%
2021	2020	3,301,313	3,222,328	97.61%	53,369	3,275,697	99.22%
2022	2021	3,487,389	3,372,793	96.71%	66,066	3,438,860	98.61%
2023	2022	4,186,905	4,028,164	96.21%	-	4,028,164	96.21%

Source: Lexington Source: Lexington County Auditor, Final Tax Year Assessments

(1) Collections do not include applicable penalties, interest, motor carriers, and fees-in-lieu-of-taxes (FILOT), payments from Richland County, or property taxes received from redevelopment areas for Tax Increment Financing bonds.

(2) Information from the Lexington County Treasurer's Office, inclusive of abatements and supplements.

(3) Property taxes are billed and collected by county governments. Real property taxes are reported by the county on a calendar-year and levy-year basis, while personal property taxes are levied on a monthly basis. Total collected amounts reported by the county differ slightly to amounts reported by the City.

CITY OF CAYCE, SOUTH CAROLINA

**RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Total Income	Amount Per Capita (Population)
	General Obligation Bonds	Tax Increment Financing (TIF) Revenue Bonds	Promissory Notes and Installment Purchase Contracts Payable	Water and Sewer System Revenue Bonds	Clean Water State Revolving Fund Loans	Installment Purchase Contracts Payable			
2014	\$ -	\$ 1,390,082	\$ 600,862	\$ 16,715,000	\$ 32,609,883	\$ -	\$ 51,315,827	17.0%	\$ 3,990
2015	-	949,858	224,242	13,945,000	33,825,489	-	48,944,589	16.1%	3,779
2016	-	491,714	-	12,970,000	32,144,429	507,532	46,113,675	15.0%	3,563
2017	-	-	423,778	12,275,000	54,841,328	362,630	67,902,736	19.8%	4,771
2018	-	7,715,000	593,591	10,600,000	53,072,889	1,330,951	73,312,431	21.3%	5,205
2019	-	7,425,000	645,572	9,355,000	50,954,399	878,017	69,257,988	19.9%	4,919
2020	-	7,125,000	657,095	8,590,000	48,476,545	540,547	65,389,187	16.6%	4,668
2021	-	7,113,068	579,843	31,078,024	23,207,138	234,709	62,212,782	15.8%	4,502
2022	-	6,765,254	685,222	28,285,830	24,420,012	-	60,156,318	14.0%	3,967
2023	-	6,408,670	968,898	25,447,767	25,506,495	-	58,331,830	14.1%	4,274

Note: See "Demographic and Economic Statistics" table for personal income and per capita data

CITY OF CAYCE, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total General Bonded Indebtedness	Percentage of Assessed Value of Taxable Property	Amount Per Capital (Population)
2014	\$ -	-	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-

Note: The City has no current general obligation bonds outstanding.

Source: City of Cayce Finance Department

CITY OF CAYCE, SOUTH CAROLINA

**TOTAL DIRECT AND OVERLAPPING DEBT
JUNE 30, 2023**

Political Subdivisions	Assessed Value	Debt Outstanding	Percentage Applicable to Cayce Taxpayers	Cayce Taxpayer Share of Debt
Lexington County	\$ 1,586,855,062	\$ 17,225,000	6.33%	\$ 1,090,343
Lexington School District 2	368,253,540	202,510,000	26.43%	53,523,393
Lexington Recreation District	1,205,862,262	16,460,000	8.32%	1,369,472
Columbia Metropolitan Airport	3,475,316,832	1,945,000	6.33%	123,119
Riverbanks Zoo	3,475,316,832	25,225,000	6.33%	1,596,743
Total Overlapping General Bonded Debt		\$ 263,365,000		\$ 57,703,069
Direct City Debt Outstanding				
Governmental Activities:				
Tax Increment Financing (TIF)				
Revenue Bonds				\$ 6,408,670
Installment Purchase Contracts				968,898
				\$ 7,377,568
Total Direct and Overlapping Debt				\$ 65,080,637

Source: Lexington County Finance Department and City of Cayce Finance Department

CITY OF CAYCE, SOUTH CAROLINA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Assessed Valuation	\$ 72,528,560	\$ 68,477,730	\$ 65,518,950	\$ 59,691,010	\$ 57,798,880	\$ 55,262,980	\$ 52,484,130	\$ 51,479,370	\$ 50,482,690	\$ 48,551,450
Maximum General Obligation Debt limited to 8% of total assessed valuation (1)	5,802,285	5,478,218	5,241,516	4,775,281	4,623,910	4,421,038	4,198,730	4,118,350	4,038,615	3,884,116
Outstanding bonds chargeable to bond limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 5,802,285</u>	<u>\$ 5,478,218</u>	<u>\$ 5,241,516</u>	<u>\$ 4,775,281</u>	<u>\$ 4,623,910</u>	<u>\$ 4,421,038</u>	<u>\$ 4,198,730</u>	<u>\$ 4,118,350</u>	<u>\$ 4,038,615</u>	<u>\$ 3,884,116</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0%</u>									

(1) Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property. Does not include FILOT.

Source: Lexington County Auditor's Office

CITY OF CAYCE, SOUTH CAROLINA

**PLEGGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER ENTERPRISE FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014⁽²⁾</u>
Gross Revenues	\$ 20,399,500	\$ 19,045,063	\$ 19,403,621	\$ 19,029,412	\$ 18,474,151	\$ 17,453,758	\$ 17,370,618	\$ 16,899,283	\$ 15,005,544	\$ 14,580,922
Capital Facility Charges	1,139,847	1,312,761	652,588	1,057,084	1,162,128	743,423	1,622,762	465,468	1,604,279	1,592,759
Expenses of Operating and Maintaining the System ⁽³⁾	<u>(14,108,854)</u>	<u>(13,611,870)</u>	<u>(13,611,870)</u>	<u>(12,415,300)</u>	<u>(12,337,412)</u>	<u>(12,045,106)</u>	<u>(11,239,920)</u>	<u>(10,627,732)</u>	<u>(9,159,617)</u>	<u>(9,089,535)</u>
Net Earnings/Net Revenues ⁽¹⁾	<u>\$ 7,430,493</u>	<u>\$ 6,745,954</u>	<u>\$ 6,444,339</u>	<u>\$ 7,671,196</u>	<u>\$ 7,298,867</u>	<u>\$ 6,152,075</u>	<u>\$ 7,753,460</u>	<u>\$ 6,737,019</u>	<u>\$ 7,450,206</u>	<u>\$ 7,084,146</u>
Combined Debt Service Requirements ⁽⁴⁾	<u>\$ 4,522,248</u>	<u>\$ 4,451,817</u>	<u>\$ 4,304,979</u>	<u>\$ 4,551,013</u>	<u>\$ 4,518,463</u>	<u>\$ 4,439,485</u>	<u>\$ 3,387,085</u>	<u>\$ 4,551,866</u>	<u>\$ 4,774,334</u>	<u>\$ 4,835,493</u>
Debt Service Coverage ⁽⁵⁾	<u>164%</u>	<u>152%</u>	<u>150%</u>	<u>169%</u>	<u>162%</u>	<u>139%</u>	<u>229%</u>	<u>148%</u>	<u>156%</u>	<u>147%</u>
Debt Service Coverage Without Capital Facility Charges (5)	<u>N/A</u>	<u>122%</u>	<u>114%</u>							

1) Effective in 2016, the City's 2016 Master Bond Ordinance replace the prior bond indentures of trust and requires Net Earnings (as defined in the ordinance and include of Capital Facility Charges) to be at least 115% of the Annual Principal and Interest Requirements for all bonds. Previously, debt service coverages under the then effective indentures.

2) For 2014, gross revenues include debt service reserve account savings as allowed under the prior indenture of trust.

3) Expenses of operating and maintenance of the system are exclusive of depreciation, amortization, and other non-cash items.

4) Includes annual principal and interest payments on revenue bonds and state revolving funds loans.

5) Under the 2016 Bond Ordinance, debt service coverage to be at least 115%. Years prior to 2016 coverage tests required Net Revenues without Capital Facility Charges to be at least 115% or Net Revenues (without Capital Facility Charges) to be at least 110%, plus Net Revenues with Capital Facility Charges to be at least 120%.

CITY OF CAYCE, SOUTH CAROLINA

**CONSTRUCTION VALUES
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alterations	\$ 5,021,261	\$ 4,266,149	\$ 1,985,053	\$ 2,261,394	\$ 3,367,800	\$ 2,662,932	\$ 4,093,414	\$ 3,663,392	\$ 2,024,358	\$ 959,069
Additions	314,485	-	590,631	584,065	8,500	827,622	53,388	1,067,481	-	258,552
New Construction	<u>10,329,674</u>	<u>17,417,683</u>	<u>7,040,526</u>	<u>9,456,428</u>	<u>-</u>	<u>2,267,822</u>	<u>935,740</u>	<u>8,158,486</u>	<u>205,910</u>	<u>-</u>
Sub-total	15,665,420	21,683,832	9,616,210	12,301,887	3,376,300	5,758,376	5,082,542	12,889,359	2,230,268	1,217,621
Signage	<u>31,944</u>	<u>197,666</u>	<u>115,445</u>	<u>137,846</u>	<u>129,552</u>	<u>330,000</u>	<u>35,386</u>	<u>85,224</u>	<u>63,914</u>	<u>8,230,264</u>
Commercial Totals	<u>\$ 15,697,364</u>	<u>\$ 21,881,498</u>	<u>\$ 9,731,655</u>	<u>\$ 12,439,733</u>	<u>\$ 3,505,852</u>	<u>\$ 6,088,376</u>	<u>\$ 5,117,928</u>	<u>\$ 12,974,583</u>	<u>\$ 2,294,182</u>	<u>\$ 9,447,885</u>
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alterations	\$ 5,713,524	\$ 8,852,151	\$ 3,863,981	\$ 2,249,536	\$ 1,934,119	\$ 2,328,763	\$ 2,040,385	\$ 1,722,156	\$ 1,227,438	\$ 959,069
Additions	545,446	1,188,694	258,564	255,285	97,610	195,294	239,353	132,485	311,499	258,552
Multi-Family	-	-	-	-	-	-	-	-	35,670,684	-
Single-Family	<u>246,693</u>	<u>322,000</u>	<u>3,368,360</u>	<u>2,749,725</u>	<u>951,000</u>	<u>1,314,345</u>	<u>2,417,225</u>	<u>9,431,975</u>	<u>6,684,947</u>	<u>8,230,264</u>
Residential Totals	<u>\$ 6,505,663</u>	<u>\$ 10,362,845</u>	<u>\$ 7,490,905</u>	<u>\$ 5,254,546</u>	<u>\$ 2,982,729</u>	<u>\$ 3,838,402</u>	<u>\$ 4,696,963</u>	<u>\$ 11,286,616</u>	<u>\$ 43,894,568</u>	<u>\$ 9,447,885</u>
Yearly Grand Total	<u>\$ 22,203,027</u>	<u>\$ 32,244,343</u>	<u>\$ 17,222,560</u>	<u>\$ 17,694,279</u>	<u>\$ 6,488,581</u>	<u>\$ 9,926,778</u>	<u>\$ 9,814,891</u>	<u>\$ 24,261,199</u>	<u>\$ 46,188,750</u>	<u>\$ 18,895,770</u>

CITY OF CAYCE, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST 10 AVAILABLE YEARS

Per Year 2022 Census ¹	Cayce ⁵	Lexington County ⁴	South Carolina ⁴
Total Population (July 1, 2022 Estimate)	13,649	304,797	5,282,634
Per Capita Income (In 2020 Dollars)	\$ 30,380	\$ 33,993	\$ 32,823
Median Household Income (In 2020 Dollars)	\$ 55,162	\$ 65,623	\$ 58,234
Total Personal Income (In 2019 Dollars)	\$ 414,656,620	\$ 10,360,964,421	\$173,391,895,782

Population Estimates ¹ (July 1, 2022)	Cayce	Lexington County	South Carolina
2010	13,084	263,357	4,635,649
2011	13,109	266,362	4,671,994
2012	13,157	269,787	4,717,354
2013	13,255	273,248	4,764,080
2014	13,359	277,423	4,823,617
2015	13,463	281,675	4,891,938
2016	14,020	286,277	4,957,968
2017	14,060	290,338	5,021,268
2018	14,028	294,350	5,084,156
2019	14,009	298,750	5,148,714
2020	13,781	300,137	5,190,705
2021	13,739	300,137	5,190,705
2022	13,649	304,797	5,282,634

Unemployment Rates (Annual Average) ²	Cayce	Lexington County	South Carolina
2011	N/A	8.0	10.6
2012	N/A	7.0	9.2
2013	N/A	5.8	7.6
2014	N/A	5.1	6.5
2015	N/A	4.9	6.0
2016	N/A	4.1	5.0
2017	N/A	3.6	4.3
2018	N/A	2.9	3.5
2019	N/A	2.7	3.3
2020	N/A	4.2	6.0
2021	N/A	3.0	4.0
2022	N/A	2.5	3.3
2023 ³	N/A	2.7	3.2

Cayce's Income Demographics ⁵	Households		Families	
	Number	Percentages	Number	Percentage
\$0 - \$10,000	356	5.6%	42	1.3%
10,000 - 14,999	302	4.7%	142	4.3%
15,000 - 24,999	807	12.7%	453	13.8%
25,000 - 34,999	532	8.4%	243	7.4%
35,000 - 49,999	891	14.0%	238	7.2%
50,000 - 74,999	1,198	18.8%	698	21.2%
75,000 - 99,999	1,082	17.0%	707	21.5%
100,000 - 149,999	917	14.4%	498	15.1%
150,000 - 199,999	228	3.6%	219	6.7%
200,000 and over	50	0.8%	50	1.5%
Totals	6,363	100.0%	3,290	100.0%

Sources: ¹ U.S. Bureau of the Census, Census 2020. 2022 latest Estimates.

² S.C. Department of Employment and Workforce

³ Twelve month average from July 1, 2022 through June 30, 2023.

⁴ State Demographic Information for all categories is updated as of July 1, 2022.

⁵ Income demographics for the City are based on estimates from the Bureau of the Census, American Community Survey, 2021 ACS 5-Year Estimates Data Profiles

N/A = Not Available

CITY OF CAYCE, SOUTH CAROLINA

PRINCIPAL EMPLOYERS (TEN LARGEST)

JUNE 30, 2023 AND NINE YEARS AGO

Employer	Type of Business	2023			2014		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Dominion Energy	Electric Utility	1277	1	14.9%	1,636	1	19.2%
USPS	Mail Distribution	720	2	8.4%			0.0%
Lexington School District 2	Public School System	530	3	6.2%			0.0%
CMC Steel	Manufacturer, Steel	463	4	5.4%	378	2	4.4%
Walmart	Grocer	130	7	1.5%			0.0%
Farm Bureau Insurance of S.C.	Insurance	150	5	1.8%	284	4	3.3%
Food Lion	Grocer	145	6	1.7%			0.0%
First Priority	Ambulance Service	111	8	1.3%			0.0%
Cintas	Uniform Provider	106	9	1.2%	101	6	1.2%
Aqua Seal MFG & Roofing INC.	Roofing Contractor	96	11	1.1%			0.0%
Pace Analytical Services, LLC	Contractor Services	103	10	1.2%			0.0%
Total		3,831		44.84%	2,399		28.22%
Approximate number employed within the City limits		8,544			8,500		

Note: Information obtained from Business License applications and phone calls to businesses. Information does not include the 247 City of Cayce employees.

CITY OF CAYCE, SOUTH CAROLINA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Employees by Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Governmental Activities</u>										
General Government:										
Legislative	5	5	5	5	5	5	5	5	5	5
Administrative	8	7	7	7	6	6	6	6	6	5
Recorder's court	4	4	4	4	4	3	3	3	3	2
IT	3	2	2	2	1	1	1	1	1	1
Finance:										
Accounting	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Animal Services	0	1	1	1	1	1	1	1	2	2
Dispatchers	6	6	6	6	6	6	5	5	5	5
Administration	10	8	7	7	7	4	4	4	4	4
Detectives	9	8	8	8	8	9	8	8	8	8
Traffic/Victim Advocate	41	44	44	44	42	43	37	39	41	38
Fire	27	22	22	22	19	16	16	15	15	12
Parks	5	4	4	4	4	4	4	4	2	NA
Planning and Community Dev.:										
Administration	7	7	7	7	7	7	7	5	4	4
Public Works:										
Public Buildings	1	1	1	1	1	1	1	1	1	1
Sanitation	18	18	18	18	17	17	17	15	17	17
Garage	5	5	5	5	5	5	5	5	5	5
Parks and Other:										
Museum	3	2	2	2	2	3	3	2	2	2
Parks	14	14	14	14	12	12	12	12	10	10
Subtotals	169	161	160	160	150	146	138	134	134	124
<u>Business-type Activities</u>										
Water and Sewer Utility										
Administrative	5	5	5	5	5	5	4	4	4	12
Water billing	* 10	* 10	* 9	9	9	9	9	8	8	NA
Water treatment plant	11	11	10	10	10	10	10	10	10	9
Water distribution and maintenance	15	15	15	14	13	13	13	13	13	13
Sewer collection and outfall lines	16	16	16	16	15	15	14	13	13	12
Wastewater treatment plant	17	18	16	16	15	14	13	12	12	12
Wastewater pre-treatment plant	** 4	** 4	** 4	4	5	5	4	3	3	1
Subtotals	78	79	75	74	72	71	67	63	63	59
Total	247	240	235	234	222	217	205	197	197	183

Note: Schedule is based on budgeted full-time positions.

* Water Billing was split out from Water Admin as of July 1, 2014.

** New Pre-Treatment Plant started operation in February 2014

Source: City of Cayce Finance, Budget and Personnel Departments

CITY OF CAYCE, SOUTH CAROLINA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
General Government:										
Area in square miles	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Population of City	13,649	13,739	13,781	14,009	14,081	14,086	14,233	13,625	13,496	13,366
Police Department ¹ :										
Number of stations	3	3	3	3	3	4	4	4	4	6
Number of Police Officers	60	58	18	17	17	10	5	1	1	2
Number of Public Safety Officers	N/A	0	40	41	45	57	56	57	54	48
Number of Detectives (now Investigators)	8	9	10	8	7	8	8	8	8	8
Number of Civilian Staff (new for FY22)	4	14	-	-	-	-	-	-	-	-
Number of Telecommunicators (new for FY22)	6	7	-	-	-	-	-	-	-	-
Number of Park/Animal Safety Officers (new FY22)	5	5	-	-	-	-	-	-	-	-
Number of arrests	786	667	430	508	676	956	850	700	685	1121
Number of emergency incidents	11,700	11,191	7,097	6,731	7,046	6,796	6,192	5,800	8,470	6,800
Fire Department ¹ :										
Number of stations	1	1	-	-	-	-	-	-	-	-
Number of Firefighters	24	24	17	15	11	9	8	6	6	12
Number of emergency incidents	2,035	1,700	-	-	-	-	-	-	-	-
Planning and Community Development										
Permits issued	745	830	973	855	428	427	442	452	744	300
Estimated costs of construction	25,838,396	42,871,271	43,328,228	21,898,481	6,488,581	9,926,778	9,814,891	24,261,198	46,188,750	21,931,411
Public Works										
Active vehicles in vehicle replacement plan	200	220	210	214	201	179	179	168	156	146
Refuse collected (average tons/day)	26.5	26	25	30	29.5	36.5	36	24.5	25	23.19
Recyclables collected (average tons/day)	3.5	2.9	3.2	2.5	1.8	4	3.5	2.5	2	1.26
Parks and Museum										
Number of parks	9	9	10	10	9	9	9	9	9	9
Number of playgrounds	6	6	6	6	6	6	6	6	5	5
Museum complex	2	2	1	1	1	1	1	1	1	1

CONTINUED

CITY OF CAYCE, SOUTH CAROLINA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type Activities										
Water and Sewer Utility:										
Number of water customers end of period	8,161 *	8,148 *	8,147	7,917	7,865	7,822	7,776	7,760	8,436	8,245
Number of sewer customers end of period	13,188 *	13,136 *	12,970	12,838	12,917	12,714	12,583	11,625	12,146	11,595
Water plant filtration capacity per day - gallons (GPD)	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
Maximum daily pumping capacity of water - gallons	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Average daily filtration flow - water GPD	2,690,000	2,770,000	2,710,000	2,920,000	3,360,000	3,080,000	3,004,000	3,000,160	2,730,000	2,790,000
Peak average filtration flow - water GPD	3,470,000	3,540,000	3,530,000	3,560,000	4,160,000	3,890,000	3,660,000	3,721,000	3,620,000	3,740,000
Peak daily filtration flow - water GPD	4,480,000	4,915,830	4,618,330	4,506,000	5,126,700	4,313,000	4,663,000	4,408,000	4,232,400	4,771,900
Wastewater plant treatment capacity per day - gallons	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Average daily treated flow - wastewater GPD	10,424,580	9,679,200	10,115,000	10,480,000	9,956,000	9,193,000	9,652,000	9,803,000	7,743,000	8,222,000
Peak average treated flow - wastewater GPD	12,233,000	10,887,000	11,913,000	13,942,000	12,578,000	11,886,000	11,462,000	13,458,000	8,900,000	10,123,000
Peak daily treated flow - wastewater GPD	18,443,000	21,470,000	21,700,000	24,959,000	23,321,000	15,812,000	21,547,000	23,647,000	16,490,000	17,075,000
Number of miles of water mains owned by City	222.26	222.0	221.8	221.8	221.5	221.2	219.3	217.7	216.3	215.9
Number of miles of sewage collection lines owned by City	283.13	282.7	282.2	282.2	281.4	279.9	272.9	270.1	268.5	266.3

¹ The City's Public Safety Department was split in FY2022 into separate Police and Fire Departments.

* Only counting active accounts. No longer including inactive but available accounts. Consumption and revenue will not be affected

Source: City of Cayce Departments



COMPLIANCE SECTION

City of Cayce, South Carolina



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803-796-9020



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www.caycesc.gov



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 Mayor and Members
of the City Council
Cayce, 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, each major fund, and the aggregate remaining fund information of the **City of Cayce, South Carolina** (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Columbia, South Carolina
December 7, 2023



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

To the Honorable Mayor and Members
of the City Council
Cayce, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cayce, South Carolina's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 7, 2023

CITY OF CAYCE, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Total Expenditures	Passed through to Subrecipient
U.S. DEPARTMENT OF THE TREASURY				
Direct Awards:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 2,001,124	\$ -
Total U.S. Department of the Treasury			2,001,124	-
U.S. DEPARTMENT OF THE INTERIOR				
Passed through the S.C. Department of Archives and History:				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	15,000	-
Total U.S. Department of the Interior			15,000	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through the S.C. Department of Health and Environmental Control:				
Solid Waste Management Assistance Grants	66.808	32.04SW23	15,000	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	02D32822	3,727	-
Total U.S. Environmental Protection Agency			18,727	-
Total Expenditures of Federal Awards			\$ 2,034,851	\$ -

CITY OF CAYCE, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Cayce, South Carolina (the "City"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The City reporting entity is described in Note 1 to the City's basic financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City chose not to use the ten percent de Minimis indirect cost rate for the year ended June 30, 2023.

NOTE 3. NONCASH AWARDS AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

CITY OF CAYCE, SOUTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of report the auditors issued on whether the financial statements audited were in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

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

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

2022-001. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties among the functions of preparing cash deposits, taking deposits to the bank, and reconciling the validated deposit ticket with the deposit detail were not in place during the entirety of the fiscal year.

Effect: Failure to properly segregate duties among the cash receipting and reconciliation process can lead to misappropriation of assets that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources.

Status: Resolved.

2022-002. Financial Closeout and Reporting

Criteria: Internal control is a process designed to ensure the City can perform timely and accurate financial closeout procedures in order to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operational objectives.

Generally accepted accounting principles require assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses to be recognized in the accounting period in which they become earned, measurable (and available for modified accrual funds). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: Certain accounting, reporting and reconciling procedures were not properly performed and reviewed during the fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2022. We noted deficiencies in completeness, accuracy, and cut off.

Effect: The effect of the above condition includes the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: The City did not properly account for certain activities or prepare and review all reconciliations typically required as a part of the financial close and reporting process.

Status: Resolved.