

CITY OF TEGA CAY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

CITY OF TEGA CAY

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YEAR ENDED SEPTEMBER 30, 2022

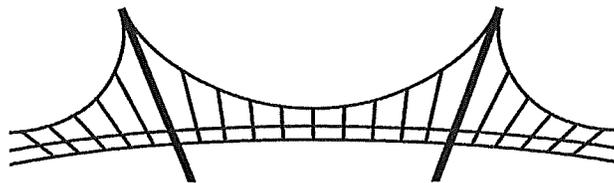
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Phillips CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tega Cay, South Carolina as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tega Cay, South Carolina, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of Tega Cay, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a

To the Honorable Mayor and Members of City Council
City of Tega Cay
January 17, 2023

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying

To the Honorable Mayor and Members of City Council
City of Tega Cay
January 17, 2023

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Phillips CPAs and Advisors

Greenville, South Carolina
January 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Tega Cay's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$25,020,522 (*net position*). Of this amount, the unrestricted net position balance is \$1,221,795.
- The City's total net position for governmental activities increased \$6,862,179 over the course of this year's operations. Net position of the business-type activity, which represents the water and sewer and stormwater funds, increased by \$1,398,727.
- The City issued new debt during the year consisting of \$650,000 in notes payable.
- The City repaid \$2,977,877 of bond and note payables during the year.
- During the year, the City's governmental activity expenses were \$14,562,112, program revenues were \$12,814,090 and general revenues were \$8,610,201. This resulted in an excess of revenues over expenses of \$6,862,179 in the governmental activities.
- In the City's business-type activities, operating revenues were \$7,468,279 while expenses were \$6,265,078. This resulted in an operating gain of \$1,203,201.
- The City's governmental capital assets, net of depreciation at September 30, 2022, totaled \$32,086,018 while business-type capital assets, net of depreciation, totaled \$19,703,464. The City's governmental capital assets increased by \$10,017,793 during the year and the business-type capital assets decreased by \$533,336 during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,622,675, a decrease of \$4,330,075 from the prior year. The decrease is primarily due to capital expenditures. Approximately 72 percent of this total amount, \$8,403,639 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,183,586 or 30 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of City of Tega Cay's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except Fiduciary funds)	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenses, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health, or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* - Most of the City's basic services are included here, such as the police, fire, public works, parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes, bond revenue, contributions and grants.

The City has two kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Net Position

The City's combined net position increased \$8,260,906 or 49 percent between fiscal years 2022 and 2021. (See Table A-1.) The portion of the City's net position (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tega Cay's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
City of Tega Cay's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other	\$ 12,971,772	\$ 17,052,972	\$ 4,070,064	\$ 2,961,314	\$ 17,041,836	\$ 20,014,286
Capital assets	32,086,018	22,068,225	19,703,464	20,236,800	51,789,482	42,305,025
Total assets	<u>45,057,790</u>	<u>39,121,197</u>	<u>23,773,528</u>	<u>23,198,114</u>	<u>68,831,318</u>	<u>62,319,311</u>
Deferred outflows of resources	2,159,316	2,159,512	440,729	387,005	2,600,045	2,546,517
Total deferred outflows of resources	<u>2,159,316</u>	<u>2,159,512</u>	<u>440,729</u>	<u>387,005</u>	<u>2,600,045</u>	<u>2,546,517</u>
Long-term debt	27,899,227	30,523,316	15,072,441	16,153,690	42,971,668	46,677,006
Other liabilities	1,216,982	1,003,195	421,605	380,044	1,638,587	1,383,239
Total liabilities	<u>29,116,209</u>	<u>31,526,511</u>	<u>15,494,046</u>	<u>16,533,734</u>	<u>44,610,255</u>	<u>48,060,245</u>
Deferred inflows of resources	1,522,627	38,107	277,959	7,860	1,800,586	45,967
Total deferred inflows of resources	<u>1,522,627</u>	<u>38,107</u>	<u>277,959</u>	<u>7,860</u>	<u>1,800,586</u>	<u>45,967</u>
Net position						
Net investment in capital assets	12,663,112	1,211,950	6,554,026	6,192,854	19,217,138	7,404,804
Restricted	2,681,449	8,672,130	1,900,140	760,787	4,581,589	9,432,917
Unrestricted (deficit)	1,233,709	(167,989)	(11,914)	89,884	1,221,795	(78,105)
Total net position	<u>\$ 16,578,270</u>	<u>\$ 9,716,091</u>	<u>\$ 8,442,252</u>	<u>\$ 7,043,525</u>	<u>\$ 25,020,522</u>	<u>\$ 16,759,616</u>

Changes in Net Position.

The City's total reported revenues increased by \$ 5,700,000 to \$29.1 million. (See Table A-2.) About 25 percent of the City's revenue comes from property taxes. Fees charged for services account for about 56 percent.

The total cost of all programs and services increased approximately \$874,000. The City's expenses cover a range of services, with about 26 percent related to public safety and 30 percent related to enterprise fund operations.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2
Changes in City of Tega Cay's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
Revenues							
Program revenues							
Charges for services	\$ 8,815	\$ 8,069	\$ 7,468	\$ 6,998	\$ 16,283	\$ 15,067	8.07%
Grants and contributions	3,999	264	-	-	3,999	264	1414.77%
General revenues							
Property taxes	7,157	6,767	-	-	7,157	6,767	5.76%
Other taxes	929	881	-	-	929	881	5.45%
Intergovernmental	320	224	-	-	320	224	42.86%
Other	204	224	196	-	400	224	78.57%
Total revenues	21,424	16,429	7,664	6,998	29,088	23,427	24.16%
Expenses							
General government	1,692	2,159	-	-	1,692	2,159	-21.63%
Building inspection	453	508	-	-	453	508	-10.83%
Public works	1,122	1,071	-	-	1,122	1,071	4.76%
Public safety	3,440	3,246	-	-	3,440	3,246	5.98%
Fire services	1,992	1,993	-	-	1,992	1,993	-0.05%
Community events and services	331	257	-	-	331	257	28.79%
Parks and recreation	912	740	-	-	912	740	23.24%
Non-departmental	2,053	1,812	-	-	2,053	1,812	13.30%
Beach and Swim Club	160	150	-	-	160	150	6.67%
Golf course	1,969	1,814	-	-	1,969	1,814	8.54%
Interest and fiscal charges	438	362	-	-	438	362	20.99%
Water and sewer	-	-	5,678	5,348	5,678	5,348	6.17%
Stormwater	-	-	587	493	587	493	19.07%
Total expenses	14,562	14,112	6,265	5,841	20,827	19,953	4.38%
Excess (deficiency)	6,862	2,317	1,399	1,157	8,261	3,474	137.80%
Increase (decrease) in net position	\$ 6,862	\$ 2,317	\$ 1,399	\$ 1,157	\$ 8,261	\$ 3,474	137.80%

Governmental Activities

Revenues for the City's governmental activities increased \$4,995,000 or 30 percent, while total expenses increased \$450,000 or 3 percent.

- Property tax revenues increased approximately \$390 thousand from the prior year primarily due to a growing community.
- Charges for services were approximately \$746,000 higher than prior year due to an increase in general and developmental activities.

Business-Type Activities

Revenues of the City's business-type activities increased approximately \$660,000 to \$7.66 million, while expenses increased approximately \$424 thousand to 6.3 million. (Refer to Table A-2.)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$11,622,675, a decrease of \$4,330,075 from the prior year. The reason for the governmental fund's change is primarily due to capital expenditures.

General Fund Budgetary Highlights

Actual general fund expenditures were \$10.6 million above budgeted amounts. This is primarily due to capital expenditures.

Resources available for appropriation were \$5.5 million above the budgeted amount. The increases were due primarily to fines, fees, licenses and permits and other revenues in excess of budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had invested \$52 million in a broad range of capital assets, net of depreciation. (See Table A-3.)

Table A-3
City of Tega Cay's Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Land and CIP	\$ 16,889	\$ 6,403	\$ 167	\$ -	\$ 17,056	\$ 6,403	166.38%
Buildings and improvements	17,600	17,458	-	-	17,600	17,458	0.81%
Infrastructure	3,759	3,759	27,209	27,209	30,968	30,968	0.00%
Machinery and equipment	7,405	6,820	2,469	2,143	9,874	8,963	10.16%
Accumulated depreciation	(13,567)	(12,372)	(10,141)	(9,116)	(23,708)	(21,488)	10.33%
	<u>\$ 32,086</u>	<u>\$ 22,068</u>	<u>\$ 19,704</u>	<u>\$ 20,236</u>	<u>\$ 51,790</u>	<u>\$ 42,304</u>	

This year's major capital asset additions included:

- Construction of Catawba Park Project as well as the purchase of vehicles, machinery and equipment, buildings and infrastructure.

More detailed information about the City's capital assets is presented in Notes 1 and 6 to the financial statements.

Long-term Debt

At yearend, the City had \$32.7 million in bonds and notes payable outstanding as shown in Table A-4. The City repaid principal of \$3 million on bonds and notes payable during the year. The City also issued a note payable totaling \$650 thousand.

More detailed information about the City's long-term debt is presented in Note 8 to the financial statements.

Table A-4
City of Tega Cay's Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2022-2021
Revenue bonds	\$ 12,704	\$ 13,183	\$ 12,137	\$ 12,878	\$ 24,841	\$ 26,061	-4.68%
Notes payable	1,074	1,355	1,012	1,166	2,086	2,521	-17.26%
General obligation bonds	5,814	6,510	-	-	5,814	6,510	-10.69%
	<u>\$ 19,592</u>	<u>\$ 21,048</u>	<u>\$ 13,149</u>	<u>\$ 14,044</u>	<u>\$ 32,741</u>	<u>\$ 35,092</u>	-6.70%

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors 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, please contact the finance department for information, at the City of Tega Cay, 7725 Tega Cay Drive, Tega Cay, South Carolina 29708.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TEGA CAY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,597,695	\$ 1,402,476	\$ 11,000,171
Cash and cash equivalents, restricted	2,681,449	1,900,140	4,581,589
Receivables (net of allowances for uncollectibles)			
Taxes	222,834	-	222,834
Water and sewer	-	784,355	784,355
Intergovernmental	75,182	-	75,182
Other	168,679	-	168,679
Prepays	114,499	14,724	129,223
Inventory	79,803	-	79,803
Internal balances	31,631	(31,631)	-
Capital assets			
Non-depreciable	16,888,993	-	16,888,993
Depreciable, net	15,197,025	19,703,464	34,900,489
Total Assets	45,057,790	23,773,528	68,831,318
Deferred Outflows of Resources			
Deferred charge on refunding	24,194	-	24,194
Deferred outflows related to pensions	2,135,122	440,729	2,575,851
Total Deferred Outflows of Resources	2,159,316	440,729	2,600,045
Liabilities			
Accounts payable and other current liabilities	1,120,736	326,705	1,447,441
Customer water deposits	-	94,900	94,900
Bail bonds	3,385	-	3,385
Due to other governmental units	5,050	-	5,050
Unearned revenues	87,811	-	87,811
Long-term liabilities			
Due within one year			
General obligation bonds	638,000	-	638,000
Revenue bonds	491,000	752,155	1,243,155
Notes payable	381,451	216,835	598,286
Compensated absences	272,520	27,130	299,650
Due in more than one year			
General obligation bonds	5,007,000	-	5,007,000
Revenue bonds	12,213,000	11,385,179	23,598,179
Notes payable	692,455	795,269	1,487,724
Net pension liability	8,034,514	1,895,873	9,930,387
Unamortized bond premium	169,287	-	169,287
Total Liabilities	29,116,209	15,494,046	44,610,255
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,522,627	277,959	1,800,586
Total Deferred Inflows of Resources	1,522,627	277,959	1,800,586
Net Position			
Net investment in capital assets	12,663,112	6,554,026	19,217,138
Restricted	2,681,449	1,900,140	4,581,589
Unrestricted	1,233,709	(11,914)	1,221,795
Total Net Position	\$ 16,578,270	\$ 8,442,252	\$ 25,020,522

CITY OF TEGA CAY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 1,691,529	\$ 1,793,806	\$ 2,831,418	\$ -	\$ 2,933,695	\$ -	\$ 2,933,695
Developmental services	452,675	2,711,915	-	-	2,259,240	-	2,259,240
Public works	1,122,507	947,837	-	-	(174,670)	-	(174,670)
Police	3,440,527	190,214	-	-	(3,250,313)	-	(3,250,313)
Fire services	1,992,266	-	-	-	(1,992,266)	-	(1,992,266)
Community events and services	331,175	27,980	-	-	(303,195)	-	(303,195)
Parks and recreation	911,854	562,571	-	1,167,379	818,096	-	818,096
Non-departmental	2,052,650	-	-	-	(2,052,650)	-	(2,052,650)
Beach and swim club	159,822	202,200	-	-	42,378	-	42,378
Golf course	1,968,729	2,378,770	-	-	410,041	-	410,041
Interest and fiscal charges	438,378	-	-	-	(438,378)	-	(438,378)
Total Governmental Activities	<u>14,562,112</u>	<u>8,815,293</u>	<u>2,831,418</u>	<u>1,167,379</u>	<u>(1,748,022)</u>	<u>-</u>	<u>(1,748,022)</u>
Business-type Activities:							
Water and sewer	5,678,099	6,874,773	-	-	-	1,196,674	1,196,674
Stormwater	586,979	593,506	-	-	-	6,527	6,527
Total Business-type Activities	<u>6,265,078</u>	<u>7,468,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,203,201</u>	<u>1,203,201</u>
Total Primary Government	<u>\$ 20,827,190</u>	<u>\$ 16,283,572</u>	<u>\$ 2,831,418</u>	<u>\$ 1,167,379</u>	<u>(1,748,022)</u>	<u>1,203,201</u>	<u>(544,821)</u>
General Revenues							
Taxes							
Property taxes					7,157,232	-	7,157,232
Local hospitality taxes					385,504	-	385,504
Franchise taxes					543,678	-	543,678
Miscellaneous taxes					363,260	-	363,260
Intergovernmental revenue					319,891	-	319,891
Interest revenue					7,342	1,320	8,662
Transfers					(166,706)	166,706	-
Gain on sale of capital assets					-	27,500	27,500
Total General Revenues					<u>8,610,201</u>	<u>195,526</u>	<u>8,805,727</u>
Change in Net Position					6,862,179	1,398,727	8,260,906
Net Position, beginning					9,716,091	7,043,525	16,759,616
Net Position, ending					<u>\$ 16,578,270</u>	<u>\$ 8,442,252</u>	<u>\$ 25,020,522</u>

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

FUND FINANCIAL STATEMENTS

CITY OF TEGA CAY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u>	<u>Other Governmental</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 7,857,569	\$ 1,740,126	\$ 9,597,695
Cash and cash equivalents, restricted	2,681,449	-	2,681,449
Receivables (net of allowances for uncollectibles)			
Taxes	222,834	-	222,834
Intergovernmental	75,182	-	75,182
Other	101,272	67,407	168,679
Prepays	93,387	21,112	114,499
Inventory	-	79,803	79,803
Total Assets	<u>\$ 11,031,693</u>	<u>\$ 1,908,448</u>	<u>\$ 12,940,141</u>
Liabilities			
Accounts payable	\$ 420,749	\$ 91,408	\$ 512,157
Other accrued liabilities	557,627	40,318	597,945
Bail bonds	3,385	-	3,385
Due to other funds	(56,289)	24,658	(31,631)
Due to other governmental units	5,050	-	5,050
Unearned revenue	-	87,811	87,811
Total Liabilities	<u>930,522</u>	<u>244,195</u>	<u>1,174,717</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>142,749</u>	<u>-</u>	<u>142,749</u>
Total Deferred Inflows of Resources	<u>142,749</u>	<u>-</u>	<u>142,749</u>
Fund Balances			
Nonspendable	93,387	100,915	194,302
Restricted	2,681,449	258,934	2,940,383
Committed	-	84,351	84,351
Unassigned	<u>7,183,586</u>	<u>1,220,053</u>	<u>8,403,639</u>
Total Fund Balances	<u>9,958,422</u>	<u>1,664,253</u>	<u>11,622,675</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,031,693</u>	<u>\$ 1,908,448</u>	<u>\$ 12,940,141</u>

CITY OF TEGA CAY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Fund Balance - Governmental Funds \$ 11,622,675

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

The cost of capital assets	45,653,195	
Accumulated depreciation	<u>(13,567,177)</u>	32,086,018

Deferred refunding charges in the Statement of Net Position are amortized over the lives of the refunding bonds; however, the costs are recognized in the year incurred in the governmental funds. 24,194

Accrued interest on debt in governmental accounting was not due and payable in the current period and, therefore, has not been reported as a liability in the funds. (10,634)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at yearend consist of:

Bonds payable	(18,349,000)	
Notes payable	(1,073,906)	
Bond premium	(169,287)	
Compensated absences payable	<u>(272,520)</u>	(19,864,713)

Certain other long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Net pension liability (8,034,514)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,135,122	
Deferred inflows of resources related to pensions	<u>(1,522,627)</u>	612,495

Deferred revenue related to property tax is not a liability in governmental activities.

142,749

Total Net Position - Governmental Activities

\$ 16,578,270

CITY OF TEGA CAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 7,175,692	\$ 385,504	\$ 7,561,196
Fines, fees, licenses and permits	6,690,604	-	6,690,604
Intergovernmental	319,891	-	319,891
Golf	-	2,358,036	2,358,036
Event fees	-	27,980	27,980
Grants	9,887	-	9,887
Contributions & donations	1,167,379	-	1,167,379
ARPA funds	2,821,531	-	2,821,531
Sponsorships	21,000	-	21,000
Membership dues	-	188,590	188,590
Rentals	61,758	-	61,758
Interest	7,279	63	7,342
Drug seizures	-	10,979	10,979
Pool and tennis	-	20,734	20,734
Club rentals	-	290	290
Other	292,100	13,320	305,420
Total Revenues	<u>18,567,121</u>	<u>3,005,496</u>	<u>21,572,617</u>
Expenditures			
General government	1,272,846	-	1,272,846
Developmental services	452,675	-	452,675
Public works	976,986	-	976,986
Police	3,092,941	1,819	3,094,760
Fire services	1,875,405	-	1,875,405
Community events and services	-	331,175	331,175
Parks and recreation	856,347	-	856,347
Non-departmental	2,052,650	-	2,052,650
Beach and swim club	-	124,492	124,492
Golf club management	-	1,580,808	1,580,808
Capital outlay	11,001,846	210,987	11,212,833
Debt service			
Principal	1,614,209	226,231	1,840,440
Interest	493,428	15,052	508,480
Total Expenditures	<u>23,689,333</u>	<u>2,490,564</u>	<u>26,179,897</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,122,212)</u>	<u>514,932</u>	<u>(4,607,280)</u>
Other Financing Sources (Uses)			
Proceeds from debt issuance	407,071	-	407,071
Insurance recoveries	36,840	-	36,840
Transfers in/(out)			
TCUD	(166,706)	-	(166,706)
Beach and Swim Club Fund	(49,712)	49,712	-
Total Other Financing Sources (Uses)	<u>227,493</u>	<u>49,712</u>	<u>277,205</u>
Net Change in Fund Balances	<u>(4,894,719)</u>	<u>564,644</u>	<u>(4,330,075)</u>
Fund Balances, beginning	<u>14,853,141</u>	<u>1,099,609</u>	<u>15,952,750</u>
Fund Balances, ending	<u>\$ 9,958,422</u>	<u>\$ 1,664,253</u>	<u>\$ 11,622,675</u>

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

CITY OF TEGA CAY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	(4,330,075)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation in the period.</p>		
Capital outlay	11,212,833	
Depreciation expense	<u>(1,195,040)</u>	10,017,793
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,840,440
<p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This is the change in compensated absences.</p>		
		(36,256)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		53,548
<p>Governmental funds report the effects of premiums, discounts, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		16,554
<p>Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State Retirement Plans are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		(274,294)
<p>Deferred revenue is recorded in governmental funds as a reduction in revenue. Deferred revenue related to property tax is not recorded in the Statement of Activities.</p>		
		(18,460)
<p>Issuance of long-term debt is reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Also, governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of notes payable		<u>(407,071)</u>
Change in Net Position of Governmental Activities	\$	<u>6,862,179</u>

CITY OF TEGA CAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 6,827,371	\$ 6,827,371	\$ 7,175,692	\$ 348,321
Fines, fees, licenses and permits	5,946,156	5,946,156	6,690,604	744,448
Intergovernmental	194,288	194,288	319,891	125,603
Other	92,277	92,277	4,380,934	4,288,657
Total Revenues	<u>13,060,092</u>	<u>13,060,092</u>	<u>18,567,121</u>	<u>5,507,029</u>
Expenditures				
General government	1,096,994	1,096,994	1,272,846	(175,852)
Development services	460,080	460,080	452,675	7,405
Public works	1,008,358	1,008,358	976,986	31,372
Police	3,313,912	3,313,912	3,092,941	220,971
Fire services	2,202,273	2,202,273	1,875,405	326,868
Parks and recreation	805,702	805,702	856,347	(50,645)
Non-departmental	2,593,070	2,593,070	2,052,650	540,420
Capital outlay	-	-	11,001,846	(11,001,846)
Debt service				
Principal	1,592,991	1,592,991	1,614,209	(21,218)
Interest	-	-	493,428	(493,428)
Total Expenditures	<u>13,073,380</u>	<u>13,073,380</u>	<u>23,689,333</u>	<u>(10,615,953)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,288)</u>	<u>(13,288)</u>	<u>(5,122,212)</u>	<u>(5,108,924)</u>
Other Financing Sources				
Proceeds from debt issuance	-	-	407,071	407,071
Insurance recoveries	-	-	36,840	36,840
Sale of general capital assets	5,000	5,000	-	(5,000)
Transfers in/(out)				
TCUD	-	-	(166,706)	(166,706)
Beach and Swim Club fund	8,288	8,288	(49,712)	(58,000)
Total Other Financing Sources	<u>13,288</u>	<u>13,288</u>	<u>227,493</u>	<u>214,205</u>
Net Change in Fund Balances	-	-	(4,894,719)	(4,894,719)
Fund Balances, beginning	<u>14,853,141</u>	<u>14,853,141</u>	<u>14,853,141</u>	<u>-</u>
Fund Balances, ending	<u>\$ 14,853,141</u>	<u>\$ 14,853,141</u>	<u>\$ 9,958,422</u>	<u>\$ (4,894,719)</u>

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

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2022

Assets	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Current Assets			
Cash and cash equivalents	\$ 1,097,337	\$ 305,139	\$ 1,402,476
Receivables (net of allowance for doubtful accounts)			
Water and sewer	784,355	-	784,355
Prepaid expenses	14,724	-	14,724
Total Current Assets	<u>1,896,416</u>	<u>305,139</u>	<u>2,201,555</u>
Noncurrent Assets			
Restricted cash	1,900,140	-	1,900,140
Capital assets			
Depreciable, net	19,155,872	547,592	19,703,464
Total Noncurrent Assets	<u>21,056,012</u>	<u>547,592</u>	<u>21,603,604</u>
Total Assets	<u>22,952,428</u>	<u>852,731</u>	<u>23,805,159</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	355,214	85,515	440,729
Total Deferred Outflows of Resources	<u>355,214</u>	<u>85,515</u>	<u>440,729</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	260,362	4,616	264,978
Accrued interest payable	61,727	-	61,727
Compensated absences	27,130	-	27,130
Customer deposits	94,900	-	94,900
Due to other funds	8,903	22,728	31,631
Notes payable - current	158,002	58,833	216,835
Revenue bonds - current	752,155	-	752,155
Total Current Liabilities	<u>1,363,179</u>	<u>86,177</u>	<u>1,449,356</u>
Noncurrent Liabilities			
Notes payable - noncurrent	611,173	184,096	795,269
Revenue bonds - noncurrent	11,385,179	-	11,385,179
Net pension liability	1,528,017	367,856	1,895,873
Total Noncurrent Liabilities	<u>13,524,369</u>	<u>551,952</u>	<u>14,076,321</u>
Total Liabilities	<u>14,887,548</u>	<u>638,129</u>	<u>15,525,677</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	224,027	53,932	277,959
Total Deferred Inflows of Resources	<u>224,027</u>	<u>53,932</u>	<u>277,959</u>
Net Position			
Net investment in capital assets	6,249,363	304,663	6,554,026
Restricted	1,900,140	-	1,900,140
Unrestricted (deficit)	46,564	(58,478)	(11,914)
Total Net Position	<u>\$ 8,196,067</u>	<u>\$ 246,185</u>	<u>\$ 8,442,252</u>

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

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION
 YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Operating Revenues			
Stormwater compliance fees	\$ -	\$ 593,506	\$ 593,506
Tap fees	690,250	-	690,250
Impact fees	415,362	-	415,362
Irrigation tap	35,000	-	35,000
Water fees	2,636,828	-	2,636,828
Sewer fees	3,027,235	-	3,027,235
Water activation fees	26,550	-	26,550
Reconnect fees	18,250	-	18,250
Penalties	10,972	-	10,972
Other	14,326	-	14,326
Total Operating Revenues	6,874,773	593,506	7,468,279
Operating Expenses			
Salaries	877,775	190,793	1,068,568
Employee benefits	385,245	66,903	452,148
Water purchased	962,868	-	962,868
Sewer treatment fees	885,924	-	885,924
Sewer clean-out	43,341	-	43,341
Water testing	4,199	-	4,199
Legal and professional services	131,691	2,842	134,533
Meters and supplies	236,781	-	236,781
Training and education	11,179	1,333	12,512
Auto expense	32,508	29,806	62,314
Cell phone	8,706	2,150	10,856
Billing	21,128	2,368	23,496
Chemicals	103,343	-	103,343
Sludge hauling	72,383	-	72,383
Treatment plant maintenance	141,817	-	141,817
Miscellaneous	15,356	-	15,356
Depreciation	998,151	87,078	1,085,229
Small Tools	10,049	-	10,049
Utilities	174,308	-	174,308
Supplies	9,630	-	9,630
Lift station maintenance	96,042	-	96,042
Vehicle maintenance	23,333	30,296	53,629
Software maintenance	52,759	-	52,759
Copier	4,838	-	4,838
Dues and subscriptions	1,655	-	1,655
SDW act	15,607	-	15,607
Water tower maintenance	48,380	-	48,380
Drainage maintenance materials	-	144,166	144,166
Information technology	-	17,110	17,110
Insurance	34,884	5,814	40,698
Total Operating Expenses	5,403,880	580,659	5,984,539
Operating Income	1,470,893	12,847	1,483,740

(continued)

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION (continued)
 YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities		Total Enterprise Funds
	Utility Fund 1	Stormwater Fund	
Nonoperating Revenues (Expenses)			
Interest revenue	\$ 1,320	\$ -	\$ 1,320
Transfers in	166,706	-	166,706
Interest expense and fiscal charges	(274,219)	(6,320)	(280,539)
Sale of capital assets	-	27,500	27,500
Total Nonoperating Revenues (Expenses)	<u>(106,193)</u>	<u>21,180</u>	<u>(85,013)</u>
Change in Net Position	1,364,700	34,027	1,398,727
Net Position, beginning	<u>6,831,367</u>	<u>212,158</u>	<u>7,043,525</u>
Net Position, ending	<u>\$ 8,196,067</u>	<u>\$ 246,185</u>	<u>\$ 8,442,252</u>

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities		Total Enterprise
	Utility Fund	Stormwater Fund	Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 6,763,585	\$ 593,506	\$ 7,357,091
Payments to suppliers	(3,129,047)	(184,401)	(3,313,448)
Payments to employees	(1,259,121)	(257,696)	(1,516,817)
Net Cash Provided (Used) by Operating Activities	<u>2,375,417</u>	<u>151,409</u>	<u>2,526,826</u>
Cash Flows from Noncapital Financing Activities			
Transfers in(out)	166,706	-	166,706
Net Cash Provided (Used) by Noncapital Financing Activities	<u>166,706</u>	<u>-</u>	<u>166,706</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(281,464)	(270,429)	(551,893)
Debt proceeds	-	242,929	242,929
Principal payments on bonds	(740,234)	-	(740,234)
Principal payments on notes payable	(270,407)	(126,796)	(397,203)
Interest and fiscal charges paid	(274,219)	(6,320)	(280,539)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,566,324)</u>	<u>(160,616)</u>	<u>(1,726,940)</u>
Cash Flows from Investing Activities			
Interest on cash and cash equivalents	1,320	-	1,320
Net Cash Provided (Used) by Investing Activities	<u>1,320</u>	<u>-</u>	<u>1,320</u>
Net Increase (Decrease) in Cash	977,119	(9,207)	967,912
Cash and Cash Investments, Beginning	<u>2,020,358</u>	<u>314,346</u>	<u>2,334,704</u>
Cash and Cash Investments, Ending	<u>\$ 2,997,477</u>	<u>\$ 305,139</u>	<u>\$ 3,302,616</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 1,470,893	\$ 12,847	\$ 1,483,740
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	998,151	87,078	1,085,229
Gain on sale of capital assets	-	27,500	27,500
Changes in assets and liabilities			
Receivables, net	(115,838)	-	(115,838)
Prepaid expenses	5,422	5,639	11,061
Accounts payable and accrued expenses	34,091	2,820	36,911
Deferred inflows/outflows related to pensions	174,392	41,983	216,375
Compensated absences	(3,899)	-	(3,899)
Customer deposits	4,650	-	4,650
Due to/from other funds	(45,080)	9,019	(36,061)
Net pension liability	(147,365)	(35,477)	(182,842)
Net Cash Provided by Operating Activities	<u>\$ 2,375,417</u>	<u>\$ 151,409</u>	<u>\$ 2,526,826</u>

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

CITY OF TEGA CAY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tega Cay (the "City") is a municipal corporation of the state of South Carolina located in York County, and as such possesses all the general powers granted by the Constitution and laws of South Carolina to municipal corporations.

The financial statements of the City of Tega Cay, South Carolina, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity include whether: the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City and there is fiscal dependency by the organization on the City. Based in these criteria, the City of Tega Cay has no component units.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the City, except for any fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to the external parties for goods and services.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect cost. *Program revenues* include charges paid by the recipients of goods or services offered by the program and grants and contributions

that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The funds of the City are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The General Fund is the City's only major governmental fund.

General Fund

The General Fund accounts for and reports all financial resources of the general government except those required to be accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report specific revenue sources that are restricted or committed to expenditures for specified current purposes other than debt service and capital projects. The City has seven Special Revenue Funds as described below:

Memorial Fund - The Memorial Fund is used to account for the receipt of memorial gifts and expenditures relating to planting of trees and beautification projects on city property.

Police Fund - The Police Fund is used to account for receipts relating to drug seizures.

Beach and Swim Club Fund - The Beach and Swim Club Fund is used to account for the membership dues and expenditures relating to the beach and swim club.

Golf Club Fund - The Golf Club Fund is used to account for the revenues and expenditures of the Tega Cay Golf and Conference Center.

Hospitality Tax Fund - The Hospitality Tax Fund is used to account for receipts from the hospitality tax collected from local businesses and expenditures relating to tourism promotion.

Events and Tourism Fund – The Events and Tourism Fund was established for purposes of providing for orderly administration and funding of Community Events and allocation of hospitality funds collected for tourism and related functions.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the City's proprietary fund:

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the net income measurement similar to the private sector. The City has two Enterprise Funds as described below:

Utility Funds - The Utility Funds are used to account for the financial transactions related to the water and sewer service provided to the residents of the City.

Stormwater Fund - The Stormwater Fund is used to account for the financial transactions related to the stormwater services provided to the residents of the City.

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus*. All assets and liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements

All governmental fund financial statements are accounted for using the *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases and decreases in total net position. The statement of cash flows reflects how the City finances and meets the cash flow of its proprietary fund.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from

exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after yearend. Items such as property taxes, business licenses, franchise fees, grants, and state-shared revenue are considered to be susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for the general obligation bond principal and interest which are reported when due.

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

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic assets used.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and restricted cash and short-term investments with original maturities of three months or less.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for Investment Pools. Investment policies of the City must operate within existing state statutes of the State of South Carolina, which authorizes what the City may and may not invest in.

Receivables

In the government-wide statements, receivables consist of all revenues earned at yearend and not yet received. Allowances for uncollectible taxes receivable are based upon historical trends and the aging of taxes receivable.

Nonexchange transactions collectible but not available such as property taxes are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the fund financial balance sheet. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of governmental and business-type activities revenue bonds, as well as certain resources set aside for their repayment and maintenance of capital assets, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are reported at their estimated fair value at the date of donation. Estimated historical cost was used to value many of the assets acquired prior to October 1, 2003. The City maintains a capitalization policy of \$5,000 for its capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during construction is not capitalized for general capital assets.

Prior to October 1, 2003, governmental funds’ infrastructure was not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Water and sewer system	40 years
Furniture and equipment	5-10 years
Vehicles	10 years
Infrastructure	40 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

The City of Tega Cay reports Compensated Absences in accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences.” The City’s policies regarding vacation and sick leave permit employees to accumulate earned but unused vacation leave. Upon termination of employment, an employee is reimbursed for accumulated vacation days. Employees, upon termination of employment, do not receive compensation for accumulated and unused sick leave.

The entire compensated absence liability is reported on the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. For the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are classified as unrestricted.

Fund Equity

The City reports fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”). GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The City classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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

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

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed; in addition, such assignments are made by City Council or by the City Manager.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other

fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Interfund Transactions

Transactions 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 expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and nonoperating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Bond issuance costs and bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of bond issuance costs and premiums are included in interest expense. The long-term debt consists primarily of bonds payable, notes payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the City's management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Deferred Revenue

Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Federal, state and private program revenues received and not yet expended by the City are recorded as deferred revenue.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the program proceeds, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Restricted assets in the General Fund include funds set aside for the construction of a community center; and in the Utility Fund, primarily, include reserves for repaying long-term debt and water meter deposits.

Statement of Cash Flows

For purposes of the statement of cash flows, the City’s Proprietary Fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to October 1 each year the City Council adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, certain Special Revenue Funds, and the Proprietary Fund. Annual budgets are not adopted for the Memorial and Police funds. There is also no operating budget adopted for the Capital Projects Fund, as funds are budgeted on a total project basis.

The City Manager is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total appropriation of any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are reported as originally adopted and as amended by the City Council.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results of operations. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

NOTE 3 – DEPOSITS AND INVESTMENTS

The State of South Carolina General Statutes permits the City to invest in certain types of financial instruments. In addition, the State has a Local Government Investment Pool (where the fair value of the position in the pool is the same as the value of the pool shares) which invests in the types of instruments allowed under state laws.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

As of September 30, 2022, the City had deposits and investments as follows:

Deposits with financial institutions	<u>\$ 14,205,275</u>
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Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to the State’s investment pools which do not normally have maturity dates and can be withdrawn on demand.

Concentration of credit risk. The City’s investment policy currently does not involve investment in any individual issuers.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. As of September 30, 2022, deposits are fully collateralized.

NOTE 4 – PROPERTY TAXES

The City of Tega Cay 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 on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the York County Auditor and the assessment for City tax purposes is the same as that levied by the County Auditor. Taxes are payable between September 30 and January 15 following their assessment. Unpaid amounts after January 15 are considered to be delinquent and are subject to penalties for late payment. 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 Highway Department, and payment is due before the end of the month of the scheduled renewal.

The millage rate was 89.0 for the 2021 tax year and the assessed valuation of real property was \$70,759,092. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

NOTE 5 – RECEIVABLES

Property tax receivables and other receivables at September 30, 2022, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>
Property Tax Receivables:		
Real property	\$ 147,787	\$ -
Vehicle	82,047	-
Less: allowance for uncollectibles	<u>(7,000)</u>	<u>-</u>
Total Property Tax Receivables	<u>\$ 222,834</u>	<u>\$ -</u>
Other Receivables:		
Intergovernmental	\$ 75,182	\$ -
Water and sewer	-	784,355
Franchise fees	<u>168,679</u>	<u>-</u>
Total Other Receivables	<u>\$ 243,861</u>	<u>\$ 784,355</u>

In the fund statements, property taxes have been recorded as an asset, offset by deferred revenues for the amount of delinquent property taxes, which were not collected within 60 days after the fiscal yearend. The modified accrual method of accounting is used and does not recognize revenue, which is not measurable and available to finance expenditures of the fiscal period.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the City's governmental activities for the year ended September 30, 2022, was as follows:

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	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 5,972,563	\$ -	\$ -	\$ 5,972,563
Construction in progress	430,795	10,485,635	-	10,916,430
Total Capital Assets, Not Being Depreciated	<u>6,403,358</u>	<u>10,485,635</u>	<u>-</u>	<u>16,888,993</u>
Capital assets, being depreciated				
Buildings, improvements and fixed structures	17,458,039	142,627	-	17,600,666
Infrastructure	3,758,620	-	-	3,758,620
Furniture and equipment	3,483,454	114,307	-	3,597,761
Vehicles	3,336,891	470,264	-	3,807,155
Total Capital Assets, Being Depreciated	<u>28,037,004</u>	<u>727,198</u>	<u>-</u>	<u>28,764,202</u>
Less: accumulated depreciation				
Buildings, improvements and fixed structures	(5,952,513)	(481,189)	-	(6,433,702)
Infrastructure	(1,356,605)	(122,650)	-	(1,479,255)
Furniture and equipment	(2,367,031)	(314,278)	-	(2,681,309)
Vehicles	(2,695,988)	(276,923)	-	(2,972,911)
Total Accumulated Depreciation	<u>(12,372,137)</u>	<u>(1,195,040)</u>	<u>-</u>	<u>(13,567,177)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,664,867</u>	<u>(467,842)</u>	<u>-</u>	<u>15,197,025</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 22,068,225</u>	<u>\$ 10,017,793</u>	<u>\$ -</u>	<u>\$ 32,086,018</u>

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

General government	\$ 135,325
Public works	136,457
Fire services	116,861
Police	327,639
Parks and recreation	55,507
Beach and swim	35,330
Golf course	387,921
Total depreciation	<u>\$ 1,195,040</u>

Capital asset activity for the City's business-type activities for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Water system	\$ -	\$ 166,706	\$ -	\$ 166,706
Total Capital Assets, Not Being Depreciated	-	166,706	-	166,706
Capital assets, being depreciated				
Water system	27,209,135	-	-	27,209,135
Legal and engineering fees	150,289	-	-	150,289
Vehicles and equipment	1,957,351	385,187	(59,764)	2,282,774
Software	35,699	-	-	35,699
Total Capital Assets, Being Depreciated	29,352,474	385,187	(59,764)	29,677,897
Less: accumulated depreciation				
Water system	(7,776,848)	(876,819)	-	(8,653,667)
Legal and engineering fees	(105,202)	(5,010)	-	(110,212)
Vehicles and equipment	(1,197,925)	(203,400)	59,764	(1,341,561)
Software	(35,699)	-	-	(35,699)
Total Accumulated Depreciation	(9,115,674)	(1,085,229)	59,764	(10,141,139)
Total Capital Assets, Being Depreciated, Net	20,236,800	(700,042)	-	19,536,758
Business-type Activities				
Capital Assets, Net	\$ 20,236,800	\$ (533,336)	\$ -	\$ 19,703,464

NOTE 7 – LONG-TERM DEBT

The City issues bonds and notes to provide funds for the acquisition and construction of major capital facilities. The City also uses notes payable to provide funds for the purchase of vehicles and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Revenue bonds are obligations of the City that are secured by revenue from the water and sewer funds.

In March 2013, the City issued its General Obligation Refunding Bonds Series 2013 in the amount of \$7,180,000, with interest rates ranging between 2.00% and 3.00%, to provide resources to currently refund the outstanding General Obligation Bonds Series 2009, General Obligation Bonds Series 2008 and General Obligation Bonds Series 2006 in the amount of \$316,871, \$224,760 and \$407,141, respectively, and to advance refund a portion of the outstanding General Obligation Bonds Series 2005 in the amount of \$5,820,000. The City deposited \$6,382,178 of the net proceeds in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for all future debt service on the refunded portion of the Series 2005 Bonds.

As a result, the Series 2009, 2008, and 2006 Bonds were redeemed in March 2013. The refunded portion of the Series 2005 Bonds is considered to be defeased until redemption in April 2015. Accordingly, the liability for the refunded bonds has been removed from the governmental activities column in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$83,957. This amount is being netted against the new debt and is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to reduce total debt service payments over the next 17 years by \$554,614 and will result in an economic gain of \$527,024 (the difference between the present values of the debt service payments on the old and new debt). The remaining outstanding balance of the debt considered defeased as of September 30, 2022 was \$3,530,000.

In June 2020, the City issued the Waterworks and Sewer System Revenue Refunding Bond, Series 2020, in the amount of \$7,619,000 to provide resources to refund the Series 2014 Waterworks and Sewer System Improvement and Refunding Revenue Bond and the 2018 Waterworks and Sewer System Revenue Parity Bond. The City redeemed the 2014 and 2018 Bonds immediately upon delivery of the 2021 Bond.

In May 2021, the City issued an Installment Purchase Revenue Bond, Series 2021, in the amount of \$13,183,000. Of this, \$4,000,000 was used for the refunding of Series 2018, Installment Purchase Revenue Bond and the remaining \$9,183,000 was used towards the construction of Catawba Park.

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Principal
Outstanding at
Yearend

General Obligation Bonds

\$850,000 General Obligation Bonds Series 2012 was issued in June 2012 to provide funds to finance the purchase of the new City Hall. Principal payments are due in annual installments ranging from \$45,000 to \$70,000 each June 1. The interest rate of the Series 2012 Bonds is 3.04% and is payable semi-annually on each June 1 and December 1. The bonds range in maturity dates from 2013 to 2027.

\$ 332,000

\$7,180,000 General Obligation Refunding Bonds Series 2013, issued in March 2013, refunded the Series 2006, 2008 and 2008 General Obligation Bonds and partially refunded the Series 2005 General Obligation Bonds. Principal payments are due in annual installments ranging from \$160,000 to \$495,000 each April 1. The interest rates range from 2.0% to 3.0% and are payable semi-annually on each April 1 and October 1. The bonds range in maturity dates from 2014 to 2030.

3,605,000

\$2,184,000 General Obligation Bonds Series 2016 was issued in July 2016 to provide funds to finance the construction of a new fire department. Principal payments are due in annual installments ranging from \$154,000 to \$213,000 each April 1. The interest rate of the Series 2016 Bonds is 2.010% and is payable semi-annually on each April 1 and October 1. The bonds mature in 2031.

1,708,000

Total

\$ 5,645,000

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Principal
Outstanding at
Yearend

Revenue Bonds

\$619,000 Revenue Refunding Bond Series 2020, issued in June 2020 used to refund the Series 2014 and 2018 Revenue Bonds in the amount of \$7,619,000. The bonds are payable from revenues of the purchased system operations. Principal payments are due in annual installments ranging from \$492,000 to \$517,000 through June 2034 with interest at 2.04%.

\$ 6,631,000

On December 17, 2015, the City closed on the Waterworks and Sewer System Revenue Parity Bond, Series 2015, a State Revolving Fund loan, with total available funding in the amount of \$6,757,377. Total drawn against this loan at September 30, 2017 is \$6,492,879. The purpose of the loan is sewer rehabilitation of purchased private utility. Repayment of the principal and interest is due in 120 quarterly installments, with the first payment made April 1, 2017. The loan carries interest at 2.00% per annum.

5,506,334

\$13,183,000 General Obligation Bond Series 2021 was issued in May 2021 to provide funds to finance the construction of Catawba Park and for the refunding of Series 2018, Installment Purchase Revenue Bond. Principal payments are due in annual installments ranging from \$479,000 to \$1,451,000 each April 1. The interest rate of the Series 2021 Bonds is 2.54% and is payable semi-annually on each October 1 and April 1. The bonds mature in 2041.

12,704,000

Total

\$ 24,841,334

The following is a schedule of annual debt service requirements to maturity for the City's Governmental Activities outstanding bonds:

Fiscal Year Ending September 30,	Principal	Interest	Total
2023	\$ 1,131,000	\$ 463,243	\$ 1,594,243
2024	1,163,000	433,210	1,596,210
2025	1,188,000	406,557	1,594,557
2026	1,217,000	378,261	1,595,261
2027	1,245,000	348,152	1,593,152
2028-2032	6,730,000	1,244,708	7,974,708
2033-2037	3,458,000	498,450	3,956,450
2038-2041	2,217,000	142,519	2,359,519
	<u>\$ 18,349,000</u>	<u>\$ 3,915,100</u>	<u>\$ 22,264,100</u>

The following is a schedule of annual debt service requirements to maturity for the City's Business-type Activities outstanding bonds and notes payable:

Fiscal Year Ending September 30,	Principal	Interest	Total
2023	\$ 752,155	\$ 243,538	\$ 995,693
2024	764,176	228,256	992,432
2025	778,297	212,731	991,028
2026	801,522	196,918	998,440
2027	815,853	180,633	996,486
2028-2032	4,314,053	648,219	4,962,272
2033-2037	2,614,514	237,690	2,852,204
2038-2042	651,843	99,254	751,097
2043-2047	644,921	31,067	675,988
	<u>\$ 12,137,334</u>	<u>\$ 2,078,306</u>	<u>\$ 14,215,640</u>

Note Payable

The City has entered into agreements for the acquisition of equipment, vehicles, and improvements. The notes mature at various dates through December 2027.

Annual debt requirements for the notes payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	598,287	40,234	638,521
2024	635,151	28,883	664,034
2025	404,396	17,446	421,842
2026	257,709	9,630	267,339
2027	94,030	4,876	98,906
Thereafter	96,437	2,468	98,905
	<u>\$ 2,086,010</u>	<u>\$ 103,537</u>	<u>\$ 2,189,547</u>

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term obligations for the year ended September 30, 2022:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Series 2012	\$ 392,000	\$ -	\$ 60,000	\$ 332,000	\$ 60,000
Series 2013	4,055,000	-	450,000	3,605,000	410,000
Series 2016	1,871,000	-	163,000	1,708,000	168,000
Installment Purchase Revenue Bonds:					
Series 2021	13,183,000	-	479,000	12,704,000	491,000
Bond Premium	192,112	-	22,825	169,287	22,825
Total Bonds Payable	19,693,112	-	1,174,825	18,518,287	1,151,825
Other Liabilities:					
Notes Payable	1,355,275	407,071	688,440	1,073,906	381,451
Compensated Absences	236,264	272,520	236,264	272,520	272,520
Total Other Liabilities	1,591,539	679,591	924,704	1,346,426	653,971
	\$ 21,284,651	\$ 679,591	\$ 2,099,529	\$ 19,864,713	\$ 1,805,796

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Revenue Bonds:					
Series 2015	\$ 5,750,568	\$ -	\$ 244,234	\$ 5,506,334	\$ 249,155
Series 2020	7,127,000	-	496,000	6,631,000	503,000
Total Bonds Payable	12,877,568	-	740,234	12,137,334	752,155
Other Liabilities:					
Notes Payable	1,166,378	242,929	397,203	1,012,104	216,835
Compensated Absences	31,029	27,130	31,029	27,130	27,130
Total Other Liabilities	1,197,407	270,059	428,232	1,039,234	243,965
	\$ 14,074,975	\$ 270,059	\$ 1,168,466	\$ 13,176,568	\$ 996,120

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2022, all of which are expected to be received or paid within one year, consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 56,289	\$ -
Special Revenue Funds		
Events and Tourism	-	22,975
Beach and Swim Club	-	1,683
Utility Fund	-	31,631
Total	\$ 56,289	\$ 56,289

The outstanding balances between funds result mainly 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.

Interfund transfers for the year ended September 30, 2022 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 216,418
Beach and Swim Club	49,712	-
Hospitality Tax	-	148,000
Events and Tourism	148,000	-
Utility Fund	166,706	-
	<u>\$ 364,418</u>	<u>\$ 364,418</u>

Transfers are used to (1) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (2) move revenues from the utility system to the general government to forestall need for tax increases and to finance various programs benefiting the utility system that the government accounts for in other funds, and (3) move other unrestricted revenues to the general fund.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS – PENSION FUNDS

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. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of 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 a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR 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 comprehensive annual financial report of the state.

Plan Descriptions

- 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 allowances 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 subdivision of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for state ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer benefit pension plan, was established July 1, 1962, pursuant to the provisions of Sections 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.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

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

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

- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in 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 membership prior to July 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/current annual salary. A brief summary for the benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirements, 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 July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

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 each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS & PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial values of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a

subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employee Class Two	16.41%	15.41%
Employee Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	18.84%	17.84%
Employee Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods

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

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

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

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the City reported a liability of \$9,930,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended September 30, 2022, the City recognized pension expense totaling \$675,019, which consisted of contributions to the System of \$982,846 and increases in expense of \$307,827, as a result of the increase in the net pension liability related to GASB 68 requirements.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 96,400	\$ 7,638
Assumption changes	309,773	-
Net difference between projected and actual earnings on pension plan investments	-	822,092
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	401,733	-
City contributions subsequent to the measurement date	<u>507,701</u>	<u>-</u>
Total SCRS	<u>1,315,607</u>	<u>829,730</u>
PORS		
Differences between expected and actual experience	145,298	13,302
Assumption changes	304,633	-
Net difference between projected and actual earnings on pension plan investments	-	957,554
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	335,168	-
City contributions subsequent to the measurement date	<u>475,145</u>	<u>-</u>
Total PORS	<u>1,260,244</u>	<u>970,856</u>
Total SCRS and PORS	<u>\$ 2,575,851</u>	<u>\$ 1,800,586</u>

The amount of \$507,701 and \$475,145 reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2023	\$ 136,452	\$ 91,519	\$ 227,971
2024	118,869	50,290	169,159
2025	30,471	488	30,959
2026	<u>(307,616)</u>	<u>(328,054)</u>	<u>(635,670)</u>
Total	<u>\$ (21,824)</u>	<u>\$ (185,757)</u>	<u>\$ (207,581)</u>

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return and used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/ Exposure	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			7.43%

Discount Rate

The discount rate used to measure TPL was 7.00%. 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.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) and 1.00 percent higher (8.00 percent) than the current rate.

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

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 7,413,009	\$ 5,659,323	\$ 4,201,648
PORS	\$ 6,196,768	\$ 4,271,064	\$ 2,693,618

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting and financial reporting actuarial valuation as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

NOTE 11 – DEFERRED COMPENSATION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all City employees, permits them to defer a portion of their salary until future years. The employer's plan, created under Internal Revenue Code Section 401(k) is administered by a third party and is included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k) plan is placed in trust for the contributing employee. Employees may also withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan. The City has no liability for losses under the plans.

NOTE 12 – RISK MANAGEMENT AND RETENTION

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. These risks are covered through participation in an insurance purchasing public entity risk pool sponsored by the South Carolina Municipal Association. The City pays an annual premium to the pool and may be subject to supplemental premium assessment should pool claims exceed certain levels. Pool claims have not exceeded those levels in any of the past four years.

There have been no significant reductions in insurance coverage during the fiscal year ended September 30, 2022.

NOTE 13 – FUND BALANCE CLASSIFICATIONS

	<u>Special Revenue Funds</u>							Total Governmental Funds
	General Fund	Memorial	Police	Beach and Swim Club	Hospitality Tax	Golf Club	Events and Tourism	
Fund Balances								
Nonspendable								
Prepaid	\$ 93,387	\$ -	\$ -	\$ -	\$ -	\$ 21,112	\$ -	\$ 114,499
Inventory	-	-	-	-	-	79,803	-	79,803
Restricted								
In accordance with donor stipulations	2,681,449	1,616	-	-	-	-	-	2,683,065
Victims' rights	-	-	-	-	-	-	-	-
Hospitality	-	-	-	-	267,612	-	(10,294)	257,318
Committed								
Police	-	-	15,400	-	-	-	-	15,400
Beach and Swim	-	-	-	68,951	-	-	-	68,951
Unassigned	7,183,586	-	-	-	-	1,220,053	-	8,403,639
Total	<u>\$ 9,958,422</u>	<u>\$ 1,616</u>	<u>\$ 15,400</u>	<u>\$ 68,951</u>	<u>\$ 267,612</u>	<u>\$ 1,320,968</u>	<u>\$ (10,294)</u>	<u>\$ 11,622,675</u>

NOTE 14 – COMMITMENTS

The City has entered into various construction contracts for construction of Catawba Park Project. As of September 30, 2022, approximately \$1,743,192 remains on the commitments. The commitments are funded by bond issues obtained by the City.

NOTE 15 – TAX ABATEMENTS

Other Tax Abatements

The City's property tax revenues were reduced by approximately \$63,406 under agreements entered into by York County.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TEGA CAY
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
 LAST 8 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
SCRS								
Contractually required contribution	\$ 507,701	\$ 455,101	\$ 431,128	\$ 381,034	\$ 337,284	\$ 284,612	\$ 234,049	\$ 199,908
Contributions in relation to the contractually required contribution	(507,701)	(455,101)	(431,128)	(381,034)	(337,284)	(284,612)	(234,049)	(199,908)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,050,142	\$ 2,907,401	\$ 2,797,715	\$ 2,594,356	\$ 2,464,905	\$ 2,380,264	\$ 2,118,082	\$ 1,852,173
Contributions as a percentage of covered-employee payroll	16.65%	15.65%	15.41%	14.69%	13.70%	11.96%	11.05%	10.79%
PORS								
Contractually required Contribution	\$ 475,145	\$ 444,085	\$ 429,507	\$ 389,694	\$ 349,421	\$ 279,516	\$ 221,755	\$ 206,535
Contributions in relation to the contractually required contribution	(475,145)	(444,085)	(429,507)	(389,694)	(349,421)	(279,516)	(221,755)	(206,535)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,492,128	\$ 2,458,933	\$ 2,407,549	\$ 2,247,744	\$ 2,168,612	\$ 1,941,511	\$ 1,645,502	\$ 1,577,034
Contributions as a percentage of covered-employee payroll	19.07%	18.06%	17.84%	17.34%	16.10%	14.40%	13.48%	13.1%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

CITY OF TEGA CAY

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 8 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
SCRS								
City's proportion of the net pension liability	0.026%	0.024%	0.024%	0.023%	0.023%	0.021%	0.018%	0.014%
City's proportionate share of the net pension liability	\$ 5,659,323	\$ 6,205,120	\$ 5,458,394	\$ 5,221,890	\$ 5,122,742	\$ 4,405,470	\$ 3,417,390	\$ 2,379,518
City's covered-employee payroll	\$ 2,907,401	\$ 2,797,715	\$ 2,594,356	\$ 2,464,905	\$ 2,380,264	\$ 2,118,082	\$ 1,852,173	\$ 1,367,972
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.7%	221.8%	210.4%	211.9%	215.2%	207.9%	184.51%	173.9%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%
PCRS								
City's proportion of the net pension liability	0.166%	0.154%	0.152%	0.149%	0.134%	0.123%	0.116%	0.109%
City's proportionate share of the net pension liability	\$ 4,271,064	\$ 5,112,260	\$ 4,364,384	\$ 4,228,756	\$ 3,657,834	\$ 3,108,906	\$ 2,531,529	\$ 2,083,223
City's covered-employee payroll	\$ 2,458,933	\$ 2,407,549	\$ 2,247,744	\$ 2,168,612	\$ 1,941,511	\$ 1,645,502	\$ 1,577,034	\$ 1,385,035
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.7%	212.3%	194.2%	195.0%	188.4%	188.9%	160.5%	150.4%
Plan fiduciary net position as a percentage of the total pension liability	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%	67.5%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

CITY OF TEGA CAY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2022

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of September 30, 2021, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended September 30, 2022 reported in that schedule can be found in Note 10 of the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is the City's main operating fund and is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Real property	\$ 6,150,440	\$ 6,150,440	\$ 6,404,995	\$ 254,555
Vehicle	666,931	666,931	753,663	86,732
Tax penalties	10,000	10,000	17,034	7,034
Totals	<u>6,827,371</u>	<u>6,827,371</u>	<u>7,175,692</u>	<u>348,321</u>
Fines, fees, licenses and permits				
Court fines and forfeitures	120,000	120,000	174,610	54,610
Parking tickets	5,000	5,000	4,625	(375)
Franchise fees	560,000	560,000	543,678	(16,322)
Inspection and permit fees	1,300,000	1,300,000	1,209,815	(90,185)
Business licenses	1,600,000	1,600,000	1,726,785	126,785
Recreation fees	437,510	437,510	541,547	104,037
Trash fees	916,608	916,608	947,837	31,229
Impact fees	961,438	961,438	1,502,100	540,662
Waste management fees	600	600	700	100
Security fees	45,000	45,000	38,907	(6,093)
Totals	<u>5,946,156</u>	<u>5,946,156</u>	<u>6,690,604</u>	<u>744,448</u>
Intergovernmental				
State shared	194,288	194,288	319,891	125,603
Totals	<u>194,288</u>	<u>194,288</u>	<u>319,891</u>	<u>125,603</u>
Other				
Interest	1,500	1,500	7,279	5,779
Sponsorships	21,000	21,000	21,000	-
Grants	-	-	9,887	9,887
Contributions & donations	-	-	1,167,379	1,167,379
ARPA Funds	-	-	2,821,531	2,821,531
Rentals	64,777	64,777	61,758	(3,019)
Other	5,000	5,000	292,100	287,100
Totals	<u>92,277</u>	<u>92,277</u>	<u>4,380,934</u>	<u>4,288,657</u>
Total Revenues	<u>\$ 13,060,092</u>	<u>\$ 13,060,092</u>	<u>\$ 18,567,121</u>	<u>\$ 5,507,029</u>

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
General Government				
Municipal Council				
Salaries	\$ 20,400	\$ 20,400	\$ 20,400	\$ -
Employee benefits	14,761	14,761	30,190	(15,429)
Travel and training	8,000	8,000	1,626	6,374
Election expense	4,000	4,000	8,601	(4,601)
Meeting expense	3,000	3,000	21,345	(18,345)
Flowers	500	500	583	(83)
Dues and subscriptions	150	150	2,245	(2,095)
Total Municipal Council	50,811	50,811	84,990	(34,179)
Municipal Court				
Salaries	127,452	127,452	134,004	(6,552)
Employee benefits	42,593	42,593	48,598	(6,005)
Jurors	500	500	160	340
Supplies	2,500	2,500	3,634	(1,134)
Travel and training	5,000	5,000	5,863	(863)
Video conferencing	5,000	5,000	7,611	(2,611)
Postage	500	500	200	300
Cell phone	480	480	779	(299)
Victim's assistance	18,000	18,000	14,049	3,951
Public defender	12,000	12,000	14,832	(2,832)
Reimbursement to other governments	30,000	30,000	72,213	(42,213)
Total Municipal Court	244,025	244,025	301,943	(57,918)
Administration				
Salaries	484,306	484,306	461,089	23,217
Employee benefits	156,752	156,752	158,605	(1,853)
Professional services	29,000	29,000	75,950	(46,950)
HR training and development	11,000	11,000	1,817	9,183
Data processing services	24,000	24,000	26,948	(2,948)
Codify ordinances	1,000	1,000	2,778	(1,778)
Contract services	9,600	9,600	9,327	273
Auto operation	1,200	1,200	1,822	(622)
Copier	10,000	10,000	12,057	(2,057)
IT expenses	5,000	5,000	4,645	355
Office supplies	20,000	20,000	22,675	(2,675)
Other	8,200	8,200	56,359	(48,159)
Travel and training	11,000	11,000	22,320	(11,320)
Cell phone	4,500	4,500	5,850	(1,350)
Postage	3,600	3,600	3,423	177
Repairs and maintenance	1,000	1,000	2,165	(1,165)
Software maintenance	11,000	11,000	3,662	7,338
Legal advertising	1,000	1,000	4,776	(3,776)
Dues and subscriptions	10,000	10,000	9,645	355
Total Administration	802,158	802,158	885,913	(83,755)
Total General Government	1,096,994	1,096,994	1,272,846	(175,852)

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Developmental Services				
Salaries	\$ 281,213	\$ 281,213	\$ 275,255	\$ 5,958
Employee benefits	112,507	112,507	108,440	4,067
Professional services	10,000	10,000	3,949	6,051
Copier	6,000	6,000	4,628	1,372
IT expenses	2,000	2,000	3,662	(1,662)
Software maintenance	11,360	11,360	15,369	(4,009)
Supplies	9,500	9,500	7,259	2,241
Travel and training	6,000	6,000	5,735	265
Cell phone	2,500	2,500	4,230	(1,730)
Auto operation	1,500	1,500	2,909	(1,409)
Vehicle maintenance	800	800	934	(134)
Comprehensive and other	15,500	15,500	20,160	(4,660)
Dues and subscriptions	1,200	1,200	145	1,055
Total Developmental Services	460,080	460,080	452,675	7,405
Public Works				
Salaries	480,599	480,599	452,421	28,178
Employee benefits	196,550	196,550	220,330	(23,780)
Medical	1,000	1,000	993	7
Professional services	2,000	2,000	1,351	649
Uniforms	9,000	9,000	6,063	2,937
Auto operation	15,000	15,000	23,207	(8,207)
BCAC	10,000	10,000	-	10,000
Other	1,100	1,100	7,360	(6,260)
Tree care	9,000	9,000	8,815	185
Tree work	12,000	12,000	10,050	1,950
Landfill charges	1,000	1,000	-	1,000
Small tools	1,500	1,500	1,539	(39)
Supplies	24,000	24,000	25,351	(1,351)
Travel and training	2,500	2,500	3,243	(743)
Cell phone	7,000	7,000	6,700	300
Repairs - equipment	4,000	4,000	3,271	729
Building grounds/maintenance	10,000	10,000	9,974	26
Vehicle maintenance	13,000	13,000	12,253	747
Street maintenance	90,000	90,000	94,671	(4,671)
Equipment expenditure	28,809	28,809	-	28,809
Contract lawn care	56,000	56,000	53,305	2,695
Dues and subscriptions	300	300	785	(485)
IT expenses	4,000	4,000	3,056	944
Landscape Maintenance	30,000	30,000	32,248	(2,248)
Capital outlay	-	-	185,976	(185,976)
Total Public Works	1,008,358	1,008,358	1,162,962	(154,604)

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Police Department			-	
Salaries	\$ 1,939,897	\$ 1,939,897	\$ 1,839,886	\$ 100,011
Employee benefits	833,786	833,786	842,065	(8,279)
Medical	3,000	3,000	6,684	(3,684)
Uniforms	31,200	31,200	29,357	1,843
Auto operation	48,000	48,000	66,267	(18,267)
Boat operations	3,000	3,000	222	2,778
Postage	400	400	425	(25)
Software maintenance	81,215	81,215	116,165	(34,950)
Supplies	35,000	35,000	13,825	21,175
Office supplies	10,000	10,000	9,738	262
Travel and training	30,000	30,000	27,132	2,868
Cell phones	24,000	24,000	27,464	(3,464)
Board and lodge prisoners	-	-	15,709	(15,709)
Repairs - equipment	6,000	6,000	3,385	2,615
Building/grounds maintenance	9,000	9,000	14,395	(5,395)
Repairs - vehicle	22,000	22,000	16,692	5,308
Dues and subscription	2,500	2,500	2,350	150
Copier	25,200	25,200	17,480	7,720
Vehicle expenditure	167,614	167,614	-	167,614
IT expenses	20,000	20,000	21,456	(1,456)
Community relations	8,000	8,000	6,772	1,228
K-9 Expense	14,100	14,100	15,472	(1,372)
Capital Outlay	-	-	244,452	(244,452)
	<u>3,313,912</u>	<u>3,313,912</u>	<u>3,337,393</u>	<u>(23,481)</u>
Total Police Department				
Fire Services				
Salaries	1,287,711	1,287,711	1,128,538	159,173
Employee benefits	553,379	553,379	482,558	70,821
Medical	9,975	9,975	8,417	1,558
Uniforms	39,475	39,475	23,880	15,595
Fuel	13,500	13,500	22,878	(9,378)
Supplies	15,000	15,000	12,214	2,786
Travel and training	37,861	37,861	13,522	24,339
Cell phones	3,200	3,200	1,126	2,074
Utilities	16,000	16,000	21,176	(5,176)
Repairs - vehicle	31,066	31,066	41,076	(10,010)
Repairs - equipment	19,180	19,180	16,458	2,722
Contribution	18,500	18,500	18,500	-
Building and grounds maintenance	34,011	34,011	32,022	1,989
Apparatus and equipment	43,250	43,250	28,513	14,737
Software maintenance	16,390	16,390	10,320	6,070
Volunteer response	6,000	6,000	1,490	4,510
EMS	4,700	4,700	3,818	882
IT expenses	3,400	3,400	7,736	(4,336)
Equipment expenditure	47,950	47,950	-	47,950
Dues and subscriptions	1,725	1,725	1,163	562
	<u>2,202,273</u>	<u>2,202,273</u>	<u>1,875,405</u>	<u>326,868</u>
Total Fire Services				

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Parks and Recreation				
Salaries	\$ 346,508	\$ 346,508	\$ 333,196	\$ 13,312
Employee benefits	140,089	140,089	155,723	(15,634)
Medical	530	530	1,579	(1,049)
Sports uniforms	80,000	80,000	118,224	(38,224)
Uniforms	1,400	1,400	2,176	(776)
Referees/extra help	45,000	45,000	52,292	(7,292)
Supplies	10,000	10,000	25,521	(15,521)
Travel and training	3,200	3,200	6,225	(3,025)
Auto operations	6,000	6,000	11,763	(5,763)
Vehicle maintenance	2,000	2,000	1,516	484
Cell phones	5,500	5,500	5,639	(139)
Equipment repairs and maintenance	2,500	2,500	2,613	(113)
Contract grounds maintenance	40,000	40,000	12,693	27,307
Athletic field supplies	3,500	3,500	6,473	(2,973)
Recreation equipment	14,000	14,000	21,286	(7,286)
Professional insurance	5,000	5,000	4,763	237
Dues and subscriptions	775	775	775	-
Entry fees	3,000	3,000	3,545	(545)
Park maintenance	55,000	55,000	57,819	(2,819)
Trail maintenance	10,000	10,000	9,613	387
Doggie stations	12,000	12,000	4,777	7,223
Field usage	4,700	4,700	7,780	(3,080)
IT expenses	11,000	11,000	10,066	934
Copier	4,000	4,000	290	3,710
Capital outlay	-	-	10,571,418	(10,571,418)
Total Parks and Recreation	805,702	805,702	11,427,765	(10,622,063)
Non-departmental				
Safety program	32,000	32,000	24,144	7,856
Flags	2,000	2,000	2,966	(966)
Employees program	2,100	2,100	2,045	55
Street lights	20,000	20,000	21,755	(1,755)
Median lighting	2,000	2,000	274	1,726
Computer repair	75,000	75,000	86,918	(11,918)
Operational contingency	230,060	230,060	-	230,060
Legal fees	65,000	65,000	86,603	(21,603)
Property insurance	250,000	250,000	255,813	(5,813)
Waste management services	960,000	960,000	1,011,701	(51,701)
Utilities	150,000	150,000	199,475	(49,475)
Stormwater fees	15,660	15,660	15,660	-
City Hall building expenses	7,000	7,000	11,377	(4,377)
RFATS	18,000	18,000	2,344	15,656

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Non-departmental (continued)				
Other	\$ -	\$ -	\$ 151,536	\$ (151,536)
Capital Projects	688,000	688,000	150,493	537,507
Retail recruitment	71,250	71,250	24,546	46,704
Stonecrest HOA dues	5,000	5,000	5,000	-
Total Non-departmental	<u>2,593,070</u>	<u>2,593,070</u>	<u>2,052,650</u>	<u>540,420</u>
Debt Service				
Principal	1,592,991	1,592,991	1,614,209	(21,218)
Interest and fiscal charges	-	-	493,428	(493,428)
Total Debt Service	<u>1,592,991</u>	<u>1,592,991</u>	<u>2,107,637</u>	<u>(514,646)</u>
Total Expenditures	<u>13,073,380</u>	<u>13,073,380</u>	<u>23,689,333</u>	<u>(10,615,953)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(13,288)</u>	<u>(13,288)</u>	<u>(5,122,212)</u>	<u>(5,108,924)</u>
Other Financing Sources (Uses)				
Proceeds from debt issuance	-	-	407,071	407,071
Insurance recoveries	-	-	36,840	36,840
Sale of general capital assets	5,000	5,000	-	(5,000)
Transfers in/(out)				
TCUD	-	-	(166,706)	(166,706)
Beach and Swim Club Fund	8,288	8,288	(49,712)	(58,000)
Total Other Financing Sources (Uses)	<u>13,288</u>	<u>13,288</u>	<u>227,493</u>	<u>214,205</u>
Net Change in Fund Balance	-	-	(4,894,719)	(4,894,719)
Fund Balance, beginning	<u>14,853,141</u>	<u>14,853,141</u>	<u>14,853,141</u>	<u>-</u>
Fund Balance, ending	<u>\$ 14,853,141</u>	<u>\$ 14,853,141</u>	<u>\$ 9,958,422</u>	<u>\$ (4,894,719)</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the specific revenues that are legally restricted to expenditures for particular purposes. The City of Tega Cay utilizes Six Special Revenue Funds described below:

Memorial Fund - The Memorial Fund was established to account the receipt of memorial gifts and expenditures relating to planting of trees and beautification projects on city property.

Police Fund - The Police Fund was established to account for the receipt of drug-related seizures and the expenditures of those funds, which are used for drug-related crime prevention.

Beach and Swim Club Fund - The Beach and Swim Club Fund was established to account for member dues and the related expenditures associated with the operations of the club.

Golf Club Fund - The Golf Club Fund is used to account for the revenues and expenditures of Tega Cay Golf and Conference Center.

Hospitality Tax Fund - The Hospitality Tax Fund is used to account for receipts from the hospitality tax collected from local businesses and expenditures relating to tourism promotion.

Events and Tourism Fund - The Events and Tourism Fund was established for purposes of providing for orderly administration and funding of Community Events and allocation of hospitality funds collected for tourism and related functions.

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET SCHEDULE
SEPTEMBER 30, 2022

	Memorial	Police	Beach and Swim Club	Golf Club	Hospitality Tax	Events and Tourism	Total
Assets							
Cash and cash investments	\$ 1,616	\$ 15,400	\$ 75,634	\$ 1,402,554	\$ 232,241	\$ 12,681	\$ 1,740,126
Accounts receivable	-	-	-	32,036	35,371	-	67,407
Inventory	-	-	-	79,803	-	-	79,803
Prepaid expenses	-	-	-	21,112	-	-	21,112
Total Assets	<u>\$ 1,616</u>	<u>\$ 15,400</u>	<u>\$ 75,634</u>	<u>\$ 1,535,505</u>	<u>\$ 267,612</u>	<u>\$ 12,681</u>	<u>\$ 1,908,448</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 5,000	\$ 86,408	\$ -	\$ -	\$ 91,408
Accrued expenses	-	-	-	40,318	-	-	40,318
Unearned revenue	-	-	-	87,811	-	-	87,811
Due to other funds	-	-	1,683	-	-	22,975	24,658
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,683</u>	<u>214,537</u>	<u>-</u>	<u>22,975</u>	<u>244,195</u>
Fund Balances							
Nonspendable	-	-	-	100,915	-	-	100,915
Restricted	1,616	-	-	-	267,612	(10,294)	258,934
Committed	-	15,400	68,951	-	-	-	84,351
Unassigned	-	-	-	1,220,053	-	-	1,220,053
Total Fund Balances	<u>1,616</u>	<u>15,400</u>	<u>68,951</u>	<u>1,320,968</u>	<u>267,612</u>	<u>(10,294)</u>	<u>1,664,253</u>
Total Liabilities and Fund Balances	<u>\$ 1,616</u>	<u>\$ 15,400</u>	<u>\$ 75,634</u>	<u>\$ 1,535,505</u>	<u>\$ 267,612</u>	<u>\$ 12,681</u>	<u>\$ 1,908,448</u>

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2022

	Memorial	Police	Beach and Swim Club	Golf Club	Hospitality Tax	Events and Tourism	Total
Revenues							
Hospitality tax	\$ -	\$ -	\$ -	\$ -	\$ 385,504	\$ -	\$ 385,504
Event fees	-	-	-	-	-	27,980	27,980
Memberships	-	-	188,590	-	-	-	188,590
Golf	-	-	-	2,358,036	-	-	2,358,036
Pool and tennis	-	-	-	20,734	-	-	20,734
Club rentals	-	-	290	-	-	-	290
Drug seizures	-	10,979	-	-	-	-	10,979
Interest	-	-	11	52	-	-	63
Other	-	-	13,320	-	-	-	13,320
Total Revenues	-	10,979	202,211	2,378,822	385,504	27,980	3,005,496
Expenditures							
Salaries	-	-	7,458	-	-	-	7,458
Employee benefits	-	-	555	-	-	-	555
Pool management	-	-	47,825	-	-	-	47,825
Sanitation	-	-	1,865	-	-	-	1,865
Supplies	-	-	2,598	-	-	-	2,598
Advertising	-	-	250	-	13,111	-	13,361
Other	-	1,819	13,856	-	8,000	-	23,675
Contributions	-	-	-	-	50,000	-	50,000
Utilities	-	-	25,076	-	-	-	25,076
Equipment repairs and maintenance	-	-	13,872	-	-	-	13,872
Building and grounds maintenance	-	-	9,480	-	73,910	-	83,390
Professional insurance	-	-	1,657	-	-	-	1,657
Golf club management	-	-	-	1,580,808	-	-	1,580,808
Community Events	-	-	-	-	-	186,154	186,154
Capital outlay	-	-	96,681	114,306	-	-	210,987
Debt service							
Principal	-	-	-	203,709	22,522	-	226,231
Interest	-	-	-	12,957	2,095	-	15,052
Total Expenditures	-	1,819	221,173	1,911,780	169,638	186,154	2,490,564
Excess of Revenues Over (Under) Expenditures	-	9,160	(18,962)	467,042	215,866	(158,174)	514,932
Other Financing Sources (Uses)							
Transfers in/(out)							
Special revenue fund	-	-	-	-	(148,000)	148,000	-
General fund	-	-	49,712	-	-	-	49,712
Total Other Financing Sources (Uses)	-	-	49,712	-	(148,000)	148,000	49,712
Net Change in Fund Balances	-	9,160	30,750	467,042	67,866	(10,174)	564,644
Fund Balances, beginning	1,616	6,240	38,201	853,926	199,746	(120)	1,099,609
Fund Balances, ending	\$ 1,616	\$ 15,400	\$ 68,951	\$ 1,320,968	\$ 267,612	\$ (10,294)	\$ 1,664,253

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS - GOLF CLUB
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Golf	\$ 1,659,457	\$ 2,358,036	\$ 698,579
Pool and tennis	13,036	20,734	7,698
Interest	-	52	52
Total Revenues	<u>1,672,493</u>	<u>2,378,822</u>	<u>706,329</u>
Expenditures			
Golf	343,280	490,284	(147,004)
Pool and tennis	12,070	19,706	(7,636)
Golf course maintenance	595,241	666,670	(71,429)
Property operations	23,985	19,037	4,948
Sales and marketing	14,150	11,229	2,921
Utilities	41,725	36,089	5,636
Insurance	17,700	24,025	(6,325)
PTEB	100,661	85,185	15,476
Depreciation	20,231	-	20,231
General and administrative	150,238	228,583	(78,345)
Capital outlay	-	114,306	(114,306)
Debt service			
Principal	203,709	203,709	-
Interest	5,919	12,957	(7,038)
Total Expenditures	<u>1,528,909</u>	<u>1,911,780</u>	<u>(382,871)</u>
Net Change in Fund Balances	143,584	467,042	323,458
Fund Balances, beginning	<u>853,926</u>	<u>853,926</u>	<u>-</u>
Fund Balances, ending	<u>\$ 997,510</u>	<u>\$ 1,320,968</u>	<u>\$ 323,458</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The City of Tega Cay has three Enterprise Funds described below:

Utility Fund - The Utility Fund accounts for the revenues and expenses relating to providing water and sewer to the residents of Tega Cay.

Stormwater Fund - The Stormwater Fund accounts for the revenues and expenses relating to providing stormwater services to the residents of Tega Cay.

CITY OF TEGA CAY
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2022

	Budget	Actual Amounts	Variance with Final Budget
Operating Revenues			
Tap fees	\$ 487,500	\$ 690,250	\$ 202,750
Impact fees	175,392	415,362	239,970
Irrigation taps	10,000	35,000	25,000
Water fees	2,482,020	2,636,828	154,808
Sewer fees	2,944,043	3,027,235	83,192
Water activation fees	20,000	26,550	6,550
Reconnect fees	15,000	18,250	3,250
Penalties	8,500	10,972	2,472
Fire Hydrant Rental	1,500	6,350	4,850
Miscellaneous	7,000	7,976	976
Total Operating Revenues	6,150,955	6,874,773	723,818
Operating Expenses			
Salaries	916,084	877,775	38,309
Employee benefits	399,080	385,245	13,835
Legal and professional services	120,000	131,691	(11,691)
Water purchased	805,327	962,868	(157,541)
Sewer treatment fees	768,483	885,924	(117,441)
Sewer clean-out	35,000	43,341	(8,341)
Water testing	5,000	4,199	801
Meters and supplies	175,000	236,781	(61,781)
Small tools	10,000	10,049	(49)
Training and education	12,000	11,179	821
Auto expense	25,000	32,508	(7,508)
Cell phone	8,000	8,706	(706)
Miscellaneous	15,200	15,356	(156)
Chemicals	80,000	103,343	(23,343)
Depreciation	-	998,151	(998,151)
Utilities	190,000	174,308	15,692
Capital outlay - equipment	43,500	-	43,500
Sludge hauling	120,000	72,383	47,617
Treatment plant maintenance	160,000	141,817	18,183
Office supplies	5,600	9,630	(4,030)
Copier	3,400	4,838	(1,438)
Lift station maintenance	85,000	96,042	(11,042)
Billing	28,000	21,128	6,872
Debt service payment	260,097	-	260,097
Vehicle maintenance	15,000	23,333	(8,333)
Contingency	729,274	-	729,274
Software maintenance	32,500	52,759	(20,259)
Insurance	35,000	34,884	116
Water tower maintenance	46,500	48,380	(1,880)
Dues and subscriptions	2,200	1,655	545
SDW act	22,000	15,607	6,393
Total Operating Expenses	5,152,245	5,403,880	(251,635)
Operating Income	998,710	1,470,893	472,183

CITY OF TEGA CAY
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Budget	Actual Amounts	Variance with Final Budget
Nonoperating Revenues (Expenses)			
Interest revenue	\$ 100	\$ 1,320	\$ 1,220
Transfers in	-	166,706	166,706
Interest expense and fiscal charges	(998,810)	(274,219)	724,591
Total Nonoperating Revenues (Expenses)	<u>(998,710)</u>	<u>(106,193)</u>	<u>892,517</u>
Change in Net Position	-	1,364,700	1,364,700
Net Position, beginning	<u>6,831,367</u>	<u>6,831,367</u>	<u>-</u>
Net Position, ending	<u>\$ 6,831,367</u>	<u>\$ 8,196,067</u>	<u>\$ 1,364,700</u>

CITY OF TEGA CAY
 STORMWATER FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2022

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating Revenues			
Stormwater compliance fees	\$ 597,000	\$ 593,506	\$ (3,494)
Total Operating Revenues	<u>597,000</u>	<u>593,506</u>	<u>(3,494)</u>
Operating Expenses			
Salaries	197,046	190,793	6,253
Employee benefits	50,160	66,903	(16,743)
Professional services	10,000	2,842	7,158
Travel and training	1,000	1,333	(333)
Cell phone	2,000	2,150	(150)
Permits	2,000	-	2,000
Billing services	2,350	2,368	(18)
Vehicle maintenance	30,000	30,296	(296)
Property maintenance	3,000	-	3,000
Insurance	36,000	5,814	30,186
Auto expense	20,000	29,806	(9,806)
Vehicle expenditure	76,231	-	76,231
Drainage maintenance materials	149,063	144,166	4,897
Information technology	18,000	17,110	890
Dues and subscriptions	150	-	150
Depreciation	-	87,078	(87,078)
Total Operating Expenses	<u>597,000</u>	<u>580,659</u>	<u>16,341</u>
Operating Income	<u>-</u>	<u>12,847</u>	<u>12,847</u>
Nonoperating Revenues (Expenses)			
Interest expense and fiscal charges	-	(6,320)	(6,320)
Sale of capital assets	-	27,500	27,500
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>21,180</u>	<u>21,180</u>
Change in Net Position	<u>-</u>	<u>34,027</u>	<u>34,027</u>
Net Position, beginning	<u>212,158</u>	<u>212,158</u>	<u>-</u>
Net Position, ending	<u>\$ 212,158</u>	<u>\$ 246,185</u>	<u>\$ 34,027</u>

CITY OF TEGA CAY

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS,
AND SURCHARGES (per ACT 96)
YEAR ENDED SEPTEMBER 30, 2022

FOR THE STATE TREASURER'S OFFICE

COUNTY/MUNICIPAL FUNDS COLLECTED
BY THE CLERK OF COURT

	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments				
Court fines and assessments collected	\$ -	\$ -	\$ 174,610	\$ 174,610
Court fines and assessments remitted to State Treasurer	-	-	(80,459)	(80,459)
Total Court Fines and Assessments Retained	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,151</u>	<u>\$ 94,151</u>
Surcharges and Assessments Retained for Victim Services				
Surcharges collected and retained	\$ -	\$ -	\$ 6,364	\$ 6,364
Assessments retained	-	-	5,448	5,448
Total Surcharges and Assessments Retained for Victim Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,812</u>	<u>\$ 11,812</u>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED

	Municipal	County	Total
Carryforward from Previous Year - Beginning Balance	\$ -	\$ -	\$ -
Victim Service Revenue			
Victim Service fines retained by City/County Treasurer	-	-	-
Victim Service assessments retained by City/County Treasurer	6,364	-	6,364
Victim Service surcharges retained by City/County Treasurer	5,448	-	5,448
Interest earned	-	-	-
Grant funds received	-	-	-
Grant from:	-	-	-
General funds transferred to Victim Service Fund	-	-	-
Contribution Received from Victim Service Contracts	-	-	-
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	<u>\$ 11,812</u>	<u>\$ -</u>	<u>\$ 11,812</u>

(continued)

CITY OF TEGA CAY

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS,
AND SURCHARGES (per ACT 96) - Continued
YEAR ENDED SEPTEMBER 30, 2022

	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Expenditures for Victim Service Program			
Salaries and benefits	\$ -	\$ -	\$ -
Operating expenditures	-	-	-
Victim Service Contract(s)	-	-	-
(1) York County	11,812	-	11,812
(2) Entity's name	-	-	-
Victim Service Donation(s)	-	-	-
(1) Domestic Violence Shelter	-	-	-
(2) Rape Crisis Center	-	-	-
(3) Other local direct crime victims service agency	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	<u>11,812</u>	<u>-</u>	<u>11,812</u>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	<u>-</u>	<u>-</u>	<u>-</u>
Carryforward Funds - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>