

CITY OF TEGA CAY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

CITY OF TEGA CAY

AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

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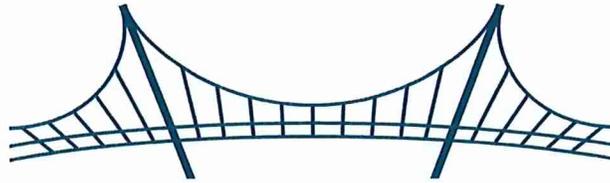
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Phillips CPAs and Advisors

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of 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.

To the Honorable Mayor and Members of City Council
City of Tega Cay
January 23, 2024

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 Management's Discussion and Analysis, Schedule of Pension Plan Contributions, and Schedule of Proportionate Share of Net Pension Liability 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.

To the Honorable Mayor and Members of City Council
City of Tega Cay
January 23, 2024

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 presented for purposes of additional analysis and are not a part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 as a whole.

Phillips CPAs and Advisors

Greenville, South Carolina
January 23, 2024

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, 2023. 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 \$30,335,111 (*net position*). Of this amount, the unrestricted net position balance is \$1,500,481.
- The City's total net position for governmental activities increased \$4,821,431 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 \$493,158.
- The City issued new debt during the year consisting of \$745,136 in notes payable.
- The City repaid \$2,625,441 of bond and note payables during the year.
- During the year, the City's governmental activity expenses were \$16,225,942, program revenues were \$11,358,055 and general revenues were \$9,689,318. This resulted in an excess of revenues over expenses of \$4,821,431 in the governmental activities.
- In the City's business-type activities, operating revenues were \$6,896,353 while expenses were \$6,679,930. This resulted in an operating gain of \$216,423.
- The City's governmental capital assets, net of depreciation at September 30, 2023, totaled \$33,439,722 while business-type capital assets, net of depreciation, totaled \$19,180,378. The City's governmental capital assets increased by \$1,353,704 during the year and the business-type capital assets decreased by \$523,086 during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,133,320, an increase of \$2,510,645 from the prior year. This is primarily due to a decrease in capital expenditures and revenues in excess of expenditures. Approximately 69 percent of this total amount, \$9,673,764 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 \$7,825,228 or 50 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 \$5,314,589 or 36 percent between fiscal years 2023 and 2022. (See Table A-1.) The portion of the City's net position (72%) 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	
	2023	2022	2023	2022	2023	2022
Current and other	\$ 15,423,258	\$ 12,971,772	\$ 4,113,994	\$ 4,070,064	\$ 19,537,252	\$ 17,041,836
Capital assets	33,439,722	32,086,018	19,180,378	19,703,464	52,620,100	51,789,482
Total assets	48,862,980	45,057,790	23,294,372	23,773,528	72,157,352	68,831,318
Deferred outflows of						
resources	1,831,304	2,159,316	386,019	440,729	2,217,323	2,600,045
Total deferred						
outflows of resources	1,831,304	2,159,316	386,019	440,729	2,217,323	2,600,045
Long-term debt	27,595,943	27,899,227	14,264,006	15,072,441	41,859,949	42,971,668
Other liabilities	1,211,901	1,216,982	423,125	421,605	1,635,026	1,638,587
Total liabilities	28,807,844	29,116,209	14,687,131	15,494,046	43,494,975	44,610,255
Deferred inflows of						
resources	486,739	1,522,627	57,850	277,959	544,589	1,800,586
Total deferred						
inflows of resources	486,739	1,522,627	57,850	277,959	544,589	1,800,586
Net position						
Net investment in						
capital assets	14,931,311	12,663,112	6,996,750	6,554,026	21,928,061	19,217,138
Restricted	3,888,635	2,681,449	3,017,934	1,900,140	6,906,569	4,581,589
Unrestricted (deficit)	2,579,755	1,233,709	(1,079,274)	(11,914)	1,500,481	1,221,795
Total net position	\$ 21,399,701	\$ 16,578,270	\$ 8,935,410	\$ 8,442,252	\$ 30,335,111	\$ 25,020,522

Changes in Net Position

The City's total reported revenues decreased by \$ 874,000 to \$28.2 million. (See Table A-2.) About 29 percent of the City's revenue comes from property taxes. Fees charged for services account for about 54 percent.

The total cost of all programs and services increased approximately \$2,072,000. The City's expenses cover a range of services, with about 27 percent related to public safety and 29 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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Revenues							
Program revenues							
Charges for services	\$ 8,353	\$ 8,815	\$ 6,896	\$ 7,468	\$ 15,249	\$ 16,283	-6.35%
Grants and contributions	3,005	3,999	-	-	3,005	3,999	-24.86%
General revenues							
Property taxes	8,129	7,157	-	-	8,129	7,157	13.58%
Other taxes	577	929	-	-	577	929	-37.89%
Intergovernmental	320	320	-	-	320	320	0.00%
Other	662	204	277	196	939	400	134.75%
Total revenues	<u>21,046</u>	<u>21,424</u>	<u>7,173</u>	<u>7,664</u>	<u>28,219</u>	<u>29,088</u>	-2.99%
Expenses							
General government	1,328	1,692	-	-	1,328	1,692	-21.51%
Building inspection	594	453	-	-	594	453	31.13%
Public works	998	1,122	-	-	998	1,122	-11.05%
Public safety	3,696	3,440	-	-	3,696	3,440	7.44%
Fire services	2,484	1,992	-	-	2,484	1,992	24.70%
Community events and services	396	331	-	-	396	331	19.64%
Parks and recreation	1,420	912	-	-	1,420	912	55.70%
Non-departmental	2,419	2,053	-	-	2,419	2,053	17.83%
Beach and Swim Club	185	160	-	-	185	160	15.63%
Golf course	2,206	1,969	-	-	2,206	1,969	12.04%
Interest and fiscal charges	499	438	-	-	499	438	13.93%
Water and sewer	-	-	6,175	5,678	6,175	5,678	8.75%
Stormwater	-	-	505	587	505	587	-13.97%
Total expenses	<u>16,225</u>	<u>14,562</u>	<u>6,680</u>	<u>6,265</u>	<u>22,905</u>	<u>20,827</u>	9.98%
Excess (deficiency)	<u>4,821</u>	<u>6,862</u>	<u>493</u>	<u>1,399</u>	<u>5,314</u>	<u>8,261</u>	-35.67%
Increase (decrease) in net position	<u>\$ 4,821</u>	<u>\$ 6,862</u>	<u>\$ 493</u>	<u>\$ 1,399</u>	<u>\$ 5,314</u>	<u>\$ 8,261</u>	-35.67%

Governmental Activities

Revenues for the City's governmental activities decreased \$378,000 or 2 percent, while total expenses increased \$1,663,000 or 11 percent.

- Property tax revenues increased approximately \$972 thousand from the prior year primarily due to a growing community.
- Charges for services were approximately \$462 thousand lower than prior year due to a decrease in general and developmental activities.

Business-Type Activities

Revenues of the City's business-type activities decreased approximately \$491,000 to \$7.17 million, while expenses increased approximately \$415,000 to 6.68 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 \$14,133,320, an increase of \$2,510,645 from the prior year. The reason for the governmental funds' change is primarily due to a decrease in capital expenditures.

General Fund Budgetary Highlights

Actual general fund expenditures were \$1.6 million over the budgeted amounts. This is primarily due to capital expenditures.

Resources available for appropriation were \$3.2 million above the budgeted amount. The increases were due primarily to unbudgeted ARPA funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had invested \$53 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
	2023	2022	2023	2022	2023	2022	
Land and CIP	\$ 18,361	\$ 16,889	\$ 390	\$ 167	\$ 18,751	\$ 17,056	9.94%
Buildings and improvements	17,779	17,600	-	-	17,779	17,600	1.02%
Infrastructure	3,759	3,759	27,517	27,209	31,276	30,968	0.99%
Machinery and equipment	7,990	7,405	2,509	2,469	10,499	9,874	6.33%
Accumulated depreciation	(14,449)	(13,567)	(11,236)	(10,141)	(25,685)	(23,708)	8.34%
	<u>\$ 33,440</u>	<u>\$ 32,086</u>	<u>\$ 19,180</u>	<u>\$ 19,704</u>	<u>\$ 52,620</u>	<u>\$ 51,790</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 \$30.7 million in bonds and notes payable outstanding as shown in Table A-4. The City repaid principal of \$2.9 million on bonds and notes payable during the year. The City also issued a note payable totaling \$745 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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2023-2022</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Revenue bonds	\$ 12,213	\$ 12,704	\$ 11,385	\$ 12,137	\$ 23,598	\$ 24,841	-5.00%
Notes payable	1,290	1,074	798	1,012	2,088	2,086	0.10%
General obligation bonds	5,005	5,814	-	-	5,005	5,814	-13.91%
	<u>\$ 18,508</u>	<u>\$ 19,592</u>	<u>\$ 12,183</u>	<u>\$ 13,149</u>	<u>\$ 30,691</u>	<u>\$ 32,741</u>	-6.26%

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,342,747	\$ 842,635	\$ 11,185,382
Cash and cash equivalents, restricted	3,888,635	3,017,934	6,906,569
Receivables (net of allowances for uncollectibles)			
Property taxes	215,623	-	215,623
Water and sewer	-	735,439	735,439
Intergovernmental	78,941	-	78,941
Other	170,511	-	170,511
Prepays	113,951	15,008	128,959
Inventory	115,828	-	115,828
Internal balances	497,022	(497,022)	-
Capital assets			
Non-depreciable	18,360,529	389,574	18,750,103
Depreciable, net	15,079,193	18,790,804	33,869,997
Total Assets	48,862,980	23,294,372	72,157,352
Deferred Outflows of Resources			
Deferred charge on refunding	20,968	-	20,968
Deferred outflows related to pensions	1,810,336	386,019	2,196,355
Total Deferred Outflows of Resources	1,831,304	386,019	2,217,323
Liabilities			
Accounts payable and accrued expenses	1,108,765	339,025	1,447,790
Customer deposits	-	84,100	84,100
Bail bonds	3,385	-	3,385
Due to other governmental units	11,129	-	11,129
Unearned revenues	88,622	-	88,622
Long-term liabilities			
Due within one year			
General obligation bonds	663,000	-	663,000
Revenue bonds	500,000	764,176	1,264,176
Notes payable	409,327	218,108	627,435
Compensated absences	278,887	25,943	304,830
Due in more than one year			
General obligation bonds	4,342,000	-	4,342,000
Revenue bonds	11,713,000	10,621,003	22,334,003
Notes payable	881,084	580,341	1,461,425
Net pension liability	8,662,183	2,054,435	10,716,618
Unamortized bond premium	146,462	-	146,462
Total Liabilities	28,807,844	14,687,131	43,494,975
Deferred Inflows of Resources			
Deferred inflows related to pensions	486,739	57,850	544,589
Total Deferred Inflows of Resources	486,739	57,850	544,589
Net Position			
Net investment in capital assets	14,931,311	6,996,750	21,928,061
Restricted	3,888,635	3,017,934	6,906,569
Unrestricted	2,579,755	(1,079,274)	1,500,481
Total Net Position	\$ 21,399,701	\$ 8,935,410	\$ 30,335,111

CITY OF TEGA CAY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

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		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 1,328,035	\$ 1,960,063	\$ 3,005,260	\$ -	\$ 3,637,288	\$ -	\$ 3,637,288
Developmental services	594,353	1,681,673	-	-	1,087,320	-	1,087,320
Public works	997,936	956,146	-	-	(41,790)	-	(41,790)
Police	3,696,294	165,486	-	-	(3,530,808)	-	(3,530,808)
Fire services	2,483,645	-	-	-	(2,483,645)	-	(2,483,645)
Community events and services	396,051	31,325	-	-	(364,726)	-	(364,726)
Parks and recreation	1,419,783	672,055	-	-	(747,728)	-	(747,728)
Non-departmental	2,418,964	-	-	-	(2,418,964)	-	(2,418,964)
Beach and swim club	185,351	164,328	-	-	(21,023)	-	(21,023)
Golf course	2,206,108	2,721,719	-	-	515,611	-	515,611
Interest and fiscal charges	499,422	-	-	-	(499,422)	-	(499,422)
Total Governmental Activities	16,225,942	8,352,795	3,005,260	-	(4,867,887)	-	(4,867,887)
Business-type Activities:							
Water and sewer	6,174,940	6,286,838	-	-	-	111,898	111,898
Stormwater	504,990	609,515	-	-	-	104,525	104,525
Total Business-type Activities	6,679,930	6,896,353	-	-	-	216,423	216,423
Total Primary Government	\$ 22,905,872	\$ 15,249,148	\$ 3,005,260	\$ -	(4,867,887)	216,423	(4,651,464)
General Revenues							
Taxes							
Property taxes				8,129,815			8,129,815
Local hospitality taxes				31,325			31,325
Franchise taxes				546,057			546,057
Miscellaneous				555,400			555,400
Intergovernmental revenue				319,810			319,810
Interest revenue				249,990		53,867	303,857
Transfers				(222,868)		222,868	-
Gain on sale of capital assets				79,789			79,789
Total General Revenues				9,689,318		276,735	9,966,053
Change in Net Position				4,821,431		493,158	5,314,589
Net Position, beginning				16,578,270		8,442,252	25,020,522
Net Position, ending				\$ 21,399,701		\$ 8,935,410	\$ 30,335,111

FUND FINANCIAL STATEMENTS

CITY OF TEGA CAY

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General</u>	<u>Other Governmental</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 7,815,407	\$ 2,527,340	\$ 10,342,747
Cash and cash equivalents, restricted	3,888,635	-	3,888,635
Receivables (net of allowances for uncollectibles)			
Taxes	215,623	-	215,623
Intergovernmental	78,941	-	78,941
Other	92,601	77,910	170,511
Prepaid expenses	92,578	21,373	113,951
Inventory	-	115,828	115,828
Total Assets	<u>\$ 12,183,785</u>	<u>\$ 2,742,451</u>	<u>\$ 14,926,236</u>
Liabilities			
Accounts payable	\$ 273,550	\$ 237,932	\$ 511,482
Accrued expenses	507,315	30,031	537,346
Bail bonds	3,385	-	3,385
Due to other funds	(556,009)	58,987	(497,022)
Due to other governmental units	11,129	-	11,129
Unearned revenue	-	88,622	88,622
Total Liabilities	<u>239,370</u>	<u>415,572</u>	<u>654,942</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>137,974</u>	<u>-</u>	<u>137,974</u>
Total Deferred Inflows of Resources	<u>137,974</u>	<u>-</u>	<u>137,974</u>
Fund Balances			
Nonspendable	92,578	137,201	229,779
Restricted	3,888,635	244,248	4,132,883
Committed	-	96,894	96,894
Unassigned	7,825,228	1,848,536	9,673,764
Total Fund Balances	<u>11,806,441</u>	<u>2,326,879</u>	<u>14,133,320</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,183,785</u>	<u>\$ 2,742,451</u>	<u>\$ 14,926,236</u>

CITY OF TEGA CAY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund Balance - Governmental Funds \$ 14,133,320

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	47,888,320	
Accumulated depreciation	<u>(14,448,598)</u>	33,439,722

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		20,968
--	--	--------

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.		(59,937)
--	--	----------

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	(17,218,000)	
Notes payable	(1,290,411)	
Bond premium	(146,462)	
Compensated absences payable	<u>(278,887)</u>	(18,933,760)

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		(8,662,183)

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	1,810,336	
Deferred inflows of resources related to pensions	<u>(486,739)</u>	1,323,597

Deferred revenue related to property tax is not a liability in governmental activities.		<u>137,974</u>
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Total Net Position - Governmental Activities		<u><u>\$ 21,399,701</u></u>
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CITY OF TEGA CAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 7,726,550	\$ 403,265	\$ 8,129,815
Fines, fees, licenses and permits	5,862,599	-	5,862,599
Intergovernmental	319,810	-	319,810
Golf	-	2,685,149	2,685,149
Event fees	-	31,325	31,325
C-Funds	133,214	-	133,214
Grants	50,415	-	50,415
Concessions	5,146	-	5,146
Contributions & donations	100	-	100
ARPA funds	2,821,531	-	2,821,531
Sponsorships	21,875	-	21,875
Memberships	-	173,455	173,455
Rentals	63,719	-	63,719
Tournaments	80,050	-	80,050
Interest	223,636	26,354	249,990
Drug seizures	-	5,716	5,716
Pool and tennis	-	27,591	27,591
Club rentals	-	-	-
Other	5,513	123,649	129,162
Total Revenues	<u>17,314,158</u>	<u>3,476,504</u>	<u>20,790,662</u>
Expenditures			
General government	1,280,917	-	1,280,917
Developmental services	594,353	-	594,353
Public works	855,085	-	855,085
Police	3,352,523	4,865	3,357,388
Fire services	2,366,784	-	2,366,784
Community events and services	-	396,051	396,051
Parks and recreation	1,358,715	-	1,358,715
Non-departmental	2,418,964	-	2,418,964
Beach and swim club	-	148,911	148,911
Golf club management	-	1,772,574	1,772,574
Capital outlay	1,699,886	1,085,684	2,785,570
Debt service			
Principal	1,284,749	374,882	1,659,631
Interest	458,959	10,759	469,718
Total Expenditures	<u>15,670,935</u>	<u>3,793,726</u>	<u>19,464,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,643,223</u>	<u>(317,222)</u>	<u>1,326,001</u>
Other Financing Sources (Uses)			
Proceeds from debt issuance	-	745,136	745,136
Sale of capital assets	15,013	243,000	258,013
Insurance recoveries	404,363	-	404,363
Transfers in/(out)			
TCUD	(222,868)	-	(222,868)
Beach and Swim Club Fund	8,288	(8,288)	-
Total Other Financing Sources (Uses)	<u>204,796</u>	<u>979,848</u>	<u>1,184,644</u>
Net Change in Fund Balances	1,848,019	662,626	2,510,645
Fund Balances, beginning	<u>9,958,422</u>	<u>1,664,253</u>	<u>11,622,675</u>
Fund Balances, ending	<u>\$ 11,806,441</u>	<u>\$ 2,326,879</u>	<u>\$ 14,133,320</u>

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	2,510,645
<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		2,785,570
Depreciation expense	<u>(1,253,644)</u>	1,531,926
<p>Sale of capital assets are reported as other financing sources in the governmental funds but the gain (loss) on the sale of capital assets is reported in the statement of activities. This amount represents the effect of capital assets sold during the year.</p>		
		(178,222)
<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>		
		1,659,631
<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>		
		(6,367)
<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>		
		(49,303)
<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>		
		19,599
<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>		
		83,433
<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>		
		(4,775)
<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>(745,136)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>4,821,431</u>

CITY OF TEGA CAY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,290,727	\$ 7,290,727	\$ 7,726,550	\$ 435,823
Fines, fees, licenses and permits	6,222,552	6,222,552	5,862,599	(359,953)
Intergovernmental	300,731	300,731	319,810	19,079
Other	254,720	254,720	3,405,199	3,150,479
Total Revenues	<u>14,068,730</u>	<u>14,068,730</u>	<u>17,314,158</u>	<u>3,245,428</u>
Expenditures				
General government	1,231,999	1,231,999	1,280,917	(48,918)
Development services	476,435	476,435	594,353	(117,918)
Public works	926,759	926,759	855,085	71,674
Police	3,566,534	3,566,534	3,352,523	214,011
Fire services	2,545,499	2,545,499	2,366,784	178,715
Parks and recreation	1,306,584	1,306,584	1,358,715	(52,131)
Non-departmental	2,433,969	2,433,969	2,418,964	15,005
Capital outlay	-	-	1,699,886	(1,699,886)
Debt service				
Principal	1,594,239	1,594,239	1,284,749	309,490
Interest	-	-	458,959	(458,959)
Total Expenditures	<u>14,082,018</u>	<u>14,082,018</u>	<u>15,670,935</u>	<u>(1,588,917)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,288)</u>	<u>(13,288)</u>	<u>1,643,223</u>	<u>1,656,511</u>
Other Financing Sources				
Insurance recoveries	-	-	404,363	404,363
Sale of general capital assets	5,000	5,000	15,013	10,013
Transfers in/(out)				
TCUD	-	-	(222,868)	(222,868)
Beach and Swim Club fund	8,288	8,288	8,288	-
Total Other Financing Sources	<u>13,288</u>	<u>13,288</u>	<u>204,796</u>	<u>191,508</u>
Net Change in Fund Balances	-	-	1,848,019	1,848,019
Fund Balances, beginning	<u>9,958,422</u>	<u>9,958,422</u>	<u>9,958,422</u>	<u>-</u>
Fund Balances, ending	<u>\$ 9,958,422</u>	<u>\$ 9,958,422</u>	<u>\$ 11,806,441</u>	<u>\$ 1,848,019</u>

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Assets	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Current Assets			
Cash and cash equivalents	\$ 405,644	\$ 436,991	\$ 842,635
Receivables (net of allowance for doubtful accounts)			
Water and sewer	735,439	-	735,439
Prepaid expenses	15,008	-	15,008
Total Current Assets	1,156,091	436,991	1,593,082
Noncurrent Assets			
Restricted cash	3,017,934	-	3,017,934
Capital assets			
Depreciable, net	18,712,053	468,325	19,180,378
Total Noncurrent Assets	21,729,987	468,325	22,198,312
Total Assets	22,886,078	905,316	23,791,394
Deferred Outflows of Resources			
Deferred outflows related to pensions	311,120	74,899	386,019
Total Deferred Outflows of Resources	311,120	74,899	386,019
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	289,324	8,718	298,042
Accrued interest payable	40,983	-	40,983
Compensated absences	25,943	-	25,943
Customer deposits	84,100	-	84,100
Due to other funds	473,358	23,664	497,022
Notes payable - current	161,648	56,460	218,108
Revenue bonds - current	764,176	-	764,176
Total Current Liabilities	1,839,532	88,842	1,928,374
Noncurrent Liabilities			
Notes payable - noncurrent	449,525	130,816	580,341
Revenue bonds - noncurrent	10,621,003	-	10,621,003
Net pension liability	1,655,813	398,622	2,054,435
Total Noncurrent Liabilities	12,726,341	529,438	13,255,779
Total Liabilities	14,565,873	618,280	15,184,153
Deferred Inflows of Resources			
Deferred inflows related to pensions	46,625	11,225	57,850
Total Deferred Inflows of Resources	46,625	11,225	57,850
Net Position			
Net investment in capital assets	6,715,701	281,049	6,996,750
Restricted	3,017,934	-	3,017,934
Unrestricted (deficit)	(1,148,935)	69,661	(1,079,274)
Total Net Position	\$ 8,584,700	\$ 350,710	\$ 8,935,410

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION
 YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Operating Revenues			
Stormwater compliance fees	\$ -	\$ 609,515	\$ 609,515
Tap fees	431,050	-	431,050
Impact fees	283,435	-	283,435
Irrigation taps	17,150	-	17,150
Water fees	2,527,484	-	2,527,484
Sewer fees	2,962,151	-	2,962,151
Water activation fees	23,500	-	23,500
Reconnect fees	4,650	-	4,650
Penalties	11,930	-	11,930
Fire Hydrant Rental	8,350	-	8,350
Miscellaneous	17,138	-	17,138
Total Operating Revenues	6,286,838	609,515	6,896,353
Operating Expenses			
Salaries	1,069,011	196,383	1,265,394
Employee benefits	453,004	50,952	503,956
Water purchased	1,098,992	-	1,098,992
Sewer treatment fees	947,816	-	947,816
Sewer clean-out	27,627	-	27,627
Water testing	4,528	-	4,528
Legal and professional services	149,759	9,538	159,297
Meters and supplies	212,361	-	212,361
Training and education	18,478	3,660	22,138
Auto expense	32,033	25,226	57,259
Cell phone	8,045	2,009	10,054
Billing	29,547	2,464	32,011
Chemicals	136,381	-	136,381
Sludge hauling	78,070	-	78,070
Treatment plant maintenance	177,501	-	177,501
Miscellaneous	18,474	-	18,474
Depreciation	1,015,428	79,267	1,094,695
Small tools	9,438	-	9,438
Utilities	193,785	-	193,785
Office supplies	6,158	-	6,158
Lift station maintenance	66,342	-	66,342
Vehicle maintenance	16,732	50,811	67,543
Software maintenance	48,149	-	48,149
Copier	5,693	-	5,693
Dues and subscriptions	757	-	757
SDW act	16,259	-	16,259
Water tower maintenance	52,054	-	52,054
Drainage maintenance materials	-	59,926	59,926
Information technology	-	18,026	18,026
Insurance	42,856	3,429	46,285
Total Operating Expenses	5,935,278	501,691	6,436,969
Operating Income	351,560	107,824	459,384

(continued)

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION (continued)
 YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Nonoperating Revenues (Expenses)			
Interest revenue	\$ 53,867	\$ -	\$ 53,867
Transfers in	222,868	-	222,868
Interest expense and fiscal charges	(239,662)	(3,299)	(242,961)
Total Nonoperating Revenues (Expenses)	<u>37,073</u>	<u>(3,299)</u>	<u>33,774</u>
Change in Net Position	388,633	104,525	493,158
Net Position, beginning	<u>8,196,067</u>	<u>246,185</u>	<u>8,442,252</u>
Net Position, ending	<u>\$ 8,584,700</u>	<u>\$ 350,710</u>	<u>\$ 8,935,410</u>

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities		Total Enterprise Funds
	Utility Fund	Stormwater Fund	
Cash Flows from Operating Activities			
Receipts from customers	\$ 6,324,954	\$ 609,515	\$ 6,934,469
Payments to suppliers	(2,933,332)	(171,376)	(3,104,708)
Payments to employees	(1,520,828)	(247,335)	(1,768,163)
Net Cash Provided (Used) by Operating Activities	<u>1,870,794</u>	<u>190,804</u>	<u>2,061,598</u>
Cash Flows from Noncapital Financing Activities			
Transfers in(out)	<u>222,868</u>	<u>-</u>	<u>222,868</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>222,868</u>	<u>-</u>	<u>222,868</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(571,609)	-	(571,609)
Principal payments on bonds	(752,155)	-	(752,155)
Principal payments on notes payable	(158,002)	(55,653)	(213,655)
Interest and fiscal charges paid	(239,662)	(3,299)	(242,961)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,721,428)</u>	<u>(58,952)</u>	<u>(1,780,380)</u>
Cash Flows from Investing Activities			
Interest on cash and cash equivalents	<u>53,867</u>	<u>-</u>	<u>53,867</u>
Net Cash Provided (Used) by Investing Activities	<u>53,867</u>	<u>-</u>	<u>53,867</u>
Net Increase (Decrease) in Cash	426,101	131,852	557,953
Cash and Cash Investments, Beginning	<u>2,997,477</u>	<u>305,139</u>	<u>3,302,616</u>
Cash and Cash Investments, Ending	<u>\$ 3,423,578</u>	<u>\$ 436,991</u>	<u>\$ 3,860,569</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 351,560	\$ 107,824	\$ 459,384
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	1,015,428	79,267	1,094,695
Changes in assets and liabilities			
Receivables, net	48,916	-	48,916
Prepaid expenses	(284)	-	(284)
Accounts payable and accrued expenses	8,218	4,102	12,320
Deferred inflows/outflows related to pensions	(133,308)	(32,091)	(165,399)
Compensated absences	(1,187)	-	(1,187)
Customer deposits	(10,800)	-	(10,800)
Due to/from other funds	464,455	936	465,391
Net pension liability	127,796	30,766	158,562
Net Cash Provided by Operating Activities	<u>\$ 1,870,794</u>	<u>\$ 190,804</u>	<u>\$ 2,061,598</u>

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

CITY OF TEGA CAY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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 City’s cash is maintained in demand deposits, savings accounts, certificates of deposits, repurchase agreements, and investments in the following types of financial instruments:

South Carolina Local Government Investment Pool (“LGIP” or “Pool”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments or observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, South Carolina 29211-1960.

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, 2023, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 7,358,465
Investments with S.C. Local Government Investment Pool	<u>8,682,959</u>
	<u>\$ 16,041,424</u>

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.

Credit risk. As of September 30, 2023, the City’s investment with the S.C. Local Government Investment Pool is overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It’s a money market type pool, which is fully collateralized, and the underlying securities are held by a third-party bank for the pool.

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, 2023, deposits are fully collateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its investment policy, the City invests in the state investment pool which is not subject to custodial risk.

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 2022 tax year and the assessed valuation of real property was \$75,330,270. 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, 2023, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>
Property Tax Receivables:		
Real property	\$ 142,329	\$ -
Vehicle	80,294	-
Less: allowance for uncollectibles	(7,000)	-
Total Property Tax Receivables	<u>\$ 215,623</u>	<u>\$ -</u>
Other Receivables:		
Intergovernmental	\$ 78,941	\$ -
Water and sewer	-	735,439
Franchise fees	170,511	-
Total Other Receivables	<u>\$ 249,452</u>	<u>\$ 735,439</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, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 5,972,563	\$ -	\$ -	\$ 5,972,563
Construction in progress	10,916,430	1,471,536	-	12,387,966
Total Capital Assets, Not Being Depreciated	<u>16,888,993</u>	<u>1,471,536</u>	<u>-</u>	<u>18,360,529</u>
Capital assets, being depreciated				
Buildings, improvements and fixed structures	17,600,666	177,891	-	17,778,557
Infrastructure	3,758,620	-	-	3,758,620
Furniture and equipment	3,597,761	907,793	(446,000)	4,059,554
Vehicles	3,807,155	228,350	(104,445)	3,931,060
Total Capital Assets, Being Depreciated	<u>28,764,202</u>	<u>1,314,034</u>	<u>(550,445)</u>	<u>29,527,791</u>
Less: accumulated depreciation				
Buildings, improvements and fixed structures	(6,433,702)	(476,761)	-	(6,910,463)
Infrastructure	(1,479,255)	(122,650)	-	(1,601,905)
Furniture and equipment	(2,681,309)	(357,929)	275,033	(2,764,205)
Vehicles	(2,972,911)	(296,304)	97,190	(3,172,025)
Total Accumulated Depreciation	<u>(13,567,177)</u>	<u>(1,253,644)</u>	<u>372,223</u>	<u>(14,448,598)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,197,025</u>	<u>60,390</u>	<u>(178,222)</u>	<u>15,079,193</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,086,018</u>	<u>\$ 1,531,926</u>	<u>\$ (178,222)</u>	<u>\$ 33,439,722</u>

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

General government	\$ 128,959
Public works	141,259
Fire services	116,661
Police	335,723
Parks and recreation	61,068
Beach and swim	36,440
Golf course	433,534
Total depreciation	<u>\$ 1,253,644</u>

Capital asset activity for the City's business-type activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Water system	\$ 166,706	\$ 222,868	\$ -	\$ 389,574
Total Capital Assets, Not Being Depreciated	<u>166,706</u>	<u>222,868</u>	<u>-</u>	<u>389,574</u>
Capital assets, being depreciated				
Water system	27,209,135	158,143	-	27,367,278
Legal and engineering fees	150,289	-	-	150,289
Vehicles and equipment	2,282,774	190,598	-	2,473,372
Software	35,699	-	-	35,699
Total Capital Assets, Being Depreciated	<u>29,677,897</u>	<u>348,741</u>	<u>-</u>	<u>30,026,638</u>
Less: accumulated depreciation				
Water system	(8,653,667)	(880,334)	-	(9,534,001)
Legal and engineering fees	(110,212)	(5,010)	-	(115,222)
Vehicles and equipment	(1,341,561)	(209,351)	-	(1,550,912)
Software	(35,699)	-	-	(35,699)
Total Accumulated Depreciation	<u>(10,141,139)</u>	<u>(1,094,695)</u>	<u>-</u>	<u>(11,235,834)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,536,758</u>	<u>(745,954)</u>	<u>-</u>	<u>18,790,804</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 19,703,464</u>	<u>\$ (523,086)</u>	<u>\$ -</u>	<u>\$ 19,180,378</u>

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, 2023 was \$3,150,000.

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.

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.

Principal
Outstanding
at Yearend

\$ 270,000

\$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.

3,195,000

\$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.

1,540,000

Total

\$ 5,005,000

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%.

\$ 6,128,000

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.

5,257,179

\$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.

12,213,000

Total

\$ 23,598,179

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
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	1,277,000	317,364	1,594,364
2029-2033	6,904,000	1,071,490	7,975,490
2034-2038	2,541,000	410,616	2,951,616
2039-2041	1,683,000	86,208	1,769,208
	<u>\$ 17,218,000</u>	<u>\$ 3,451,858</u>	<u>\$ 20,669,858</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
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	831,290	164,057	995,347
2029-2033	4,404,929	560,570	4,965,499
2034-2038	1,817,566	186,282	2,003,848
2039-2043	664,978	86,119	751,097
2044-2047	506,568	19,202	525,770
	<u>\$ 11,385,179</u>	<u>\$ 1,834,768</u>	<u>\$ 13,219,947</u>

Note Payable

The City has entered into agreements for the acquisition of equipment, vehicles, and improvements. The notes mature at various dates through June 2028.

Annual debt requirements for the notes payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 627,435	\$ 58,448	\$ 685,883
2025	540,680	43,992	584,672
2026	393,993	30,234	424,227
2027	230,314	19,538	249,852
2028	296,438	11,189	307,627
	<u>\$ 2,088,860</u>	<u>\$ 163,401</u>	<u>\$ 2,252,261</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, 2023:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2012	\$ 332,000	\$ -	\$ 62,000	\$ 270,000	\$ 65,000
Series 2013	3,605,000	-	410,000	3,195,000	425,000
Series 2016	1,708,000	-	168,000	1,540,000	173,000
Installment Purchase Revenue Bonds:					
Series 2021	12,704,000	-	491,000	12,213,000	500,000
Bond Premium	169,287	-	22,825	146,462	22,825
Total Bonds Payable	18,518,287	-	1,153,825	17,364,462	1,185,825
Other Liabilities:					
Notes Payable	1,073,906	745,136	528,631	1,290,411	409,327
Compensated Absences	272,520	278,887	272,520	278,887	278,887
Total Other Liabilities	1,346,426	1,024,023	801,151	1,569,298	688,214
	\$ 19,864,713	\$ 1,024,023	\$ 1,954,976	\$ 18,933,760	\$ 1,874,039

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Revenue Bonds:					
Series 2015	\$ 5,506,334	\$ -	\$ 249,155	\$ 5,257,179	\$ 254,176
Series 2020	6,631,000	-	503,000	6,128,000	510,000
Total Bonds Payable	12,137,334	-	752,155	11,385,179	764,176
Other Liabilities:					
Notes Payable	1,012,104	-	213,655	798,449	218,108
Compenstated Absences	27,130	25,943	27,130	25,943	25,943
Total Other Liabilities	1,039,234	25,943	240,785	824,392	244,051
	\$ 13,176,568	\$ 25,943	\$ 992,940	\$ 12,209,571	\$ 1,008,227

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2023, all of which are expected to be received or paid within one year, consisted of the following individual fund receivables and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 556,009	\$ -
Special Revenue Funds		
Hospitality Tax	-	3,750
Events and Tourism	-	42,874
Beach and Swim Club	-	12,363
Utility Fund	-	497,022
Total	<u>\$ 556,009</u>	<u>\$ 556,009</u>

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, 2023 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 8,288	\$ 222,868
Beach and Swim Club	-	8,288
Hospitality Tax	-	173,000
Events and Tourism	173,000	-
Utility Fund	222,868	-
	<u>\$ 404,156</u>	<u>\$ 404,156</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, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S. C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP).

For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. 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 defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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 first-term individuals elected to the South Carolina General Assembly. 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 higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. 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 service provider 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 date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of 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 requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and

Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

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. The Retirement Funding and Administration Act of 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. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

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

Required employee contribution rates¹ are as follows:

	Fiscal Year 2023 ¹	Fiscal Year 2022 ¹
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:

	Fiscal Year 2023 ¹	Fiscal Year 2022 ¹
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
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 service provider to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

Actuarial Assumptions and Methods

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

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022:

	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 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2022, 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, 2023, the City reported a liability of \$10,716,618 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023, the City recognized pension expense totaling \$1,136,727, which consisted of contributions to the System of \$1,226,997 and decreases in expense of \$90,270, as a result of the increase in the net pension liability related to GASB 68 requirements.

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At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 53,281	\$ 26,726
Assumption changes	196,688	-
Net difference between projected and actual earnings on pension plan investments	9,458	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	235,036	145,960
City contributions subsequent to the measurement date	657,834	-
Total SCRS	1,152,297	172,686
PORS		
Differences between expected and actual experience	76,910	90,618
Assumption changes	190,884	-
Net difference between projected and actual earnings on pension plan investments	13,843	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	193,258	281,285
City contributions subsequent to the measurement date	569,163	-
Total PORS	1,044,058	371,903
Total SCRS and PORS	\$ 2,196,355	\$ 544,589

The amount of \$657,834 and \$569,163 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, 2024. 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
2024	\$ 216,930	\$ 102,353	\$ 319,283
2025	130,378	55,404	185,782
2026	(185,467)	(232,944)	(418,411)
2027	159,936	178,179	338,115
Total	\$ 321,777	\$ 102,992	\$ 424,769

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, 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	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	8,937,686,946	5,938,707,767	2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each 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 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 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity ¹	9.0%	8.75%	0.79%
Private Debt ¹	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.12%	0.37%
Infrastructure ¹	3.0%	5.88%	0.18%
Total Expected Real Return ²	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			7.04%

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Estate exceeds 30 percent of total plan assets.

² Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 7,862,802	\$ 6,132,641	\$ 4,694,236
PORS	\$ 6,392,080	\$ 4,583,977	\$ 3,103,874

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, 2022, and the accounting valuation report as of June 30, 2022. 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' ACFR.

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, 2023.

NOTE 13 – FUND BALANCE CLASSIFICATIONS

	<u>General Fund</u>	<u>Police</u>	<u>Beach and Swim Club</u>	<u>Hospitality Tax</u>	<u>Golf Club</u>	<u>Events and Tourism</u>	<u>Total Governmental Funds</u>
Fund Balances							
Nonspendable							
Prepaid	\$ 92,578	\$ -	\$ -	\$ -	\$ 21,373	\$ -	\$ 113,951
Inventory	-	-	-	-	115,828	-	115,828
Restricted							
In accordance with							
donor stipulations	3,888,635	-	-	-	-	-	3,888,635
Victims' rights	-	-	-	-	-	-	-
Hospitality	-	-	-	261,259	-	(17,011)	244,248
Committed							
Police	-	16,251	-	-	-	-	16,251
Beach and Swim	-	-	80,643	-	-	-	80,643
Unassigned	<u>7,825,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,848,536</u>	<u>-</u>	<u>9,673,764</u>
Total	<u>\$ 11,806,441</u>	<u>\$ 16,251</u>	<u>\$ 80,643</u>	<u>\$ 261,259</u>	<u>\$ 1,985,737</u>	<u>\$ (17,011)</u>	<u>\$ 14,133,320</u>

NOTE 14 – TAX ABATEMENTS

The City's property tax revenues were reduced by approximately \$68,632 under agreements entered into by York County.

NOTE 15 – 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 9 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SCRS</u>									
Contractually required contribution	\$ 657,834	\$ 507,701	\$ 455,101	\$ 431,128	\$ 381,034	\$ 337,284	\$ 284,612	\$ 234,049	\$ 199,908
Contributions in relation to the contractually required contribution	(657,834)	(507,701)	(455,101)	(431,128)	(381,034)	(337,284)	(284,612)	(234,049)	(199,908)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,726,799	\$ 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	17.65%	16.65%	15.65%	15.41%	14.69%	13.70%	11.96%	11.05%	10.79%
<u>PORS</u>									
Contractually required Contribution	\$ 569,163	\$ 475,145	\$ 444,085	\$ 429,507	\$ 389,694	\$ 349,421	\$ 279,516	\$ 221,755	\$ 206,535
Contributions in relation to the contractually required contribution	(569,163)	(475,145)	(444,085)	(429,507)	(389,694)	(349,421)	(279,516)	(221,755)	(206,535)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,833,102	\$ 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	20.09%	19.07%	18.06%	17.84%	17.34%	16.10%	14.40%	13.48%	13.1%

This schedule is presented 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 9 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
SCRS									
City's proportion of the net pension liability	0.026%	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	\$ 6,132,641	\$ 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	\$ 3,050,142	\$ 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	201.1%	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	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%
FORS									
City's proportion of the net pension liability	0.153%	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	\$ 4,583,977	\$ 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	\$ 2,492,128	\$ 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	183.9%	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	66.4%	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, 2023

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, 2022, 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, 2023 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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Real property	\$ 6,608,797	\$ 6,608,797	\$ 6,867,052	\$ 258,255
Vehicle	666,930	666,930	845,976	179,046
Tax penalties	15,000	15,000	13,522	(1,478)
Totals	<u>7,290,727</u>	<u>7,290,727</u>	<u>7,726,550</u>	<u>435,823</u>
Fines, fees, licenses and permits				
Court fines and forfeitures	150,000	150,000	158,520	8,520
Parking tickets	3,500	3,500	1,250	(2,250)
Franchise fees	540,000	540,000	546,057	6,057
Inspection and permit fees	1,300,000	1,300,000	701,656	(598,344)
Business licenses	1,700,000	1,700,000	1,829,644	129,644
Recreation fees	582,010	582,010	644,464	62,454
Trash fees	948,288	948,288	956,146	7,858
Impact fees	961,344	961,344	980,017	18,673
Waste management fees	600	600	750	150
Security fees	36,810	36,810	44,095	7,285
Totals	<u>6,222,552</u>	<u>6,222,552</u>	<u>5,862,599</u>	<u>(359,953)</u>
Intergovernmental				
State shared	300,731	300,731	319,810	19,079
Totals	<u>300,731</u>	<u>300,731</u>	<u>319,810</u>	<u>19,079</u>
Other				
Interest	1,500	1,500	223,636	222,136
Sponsorships	21,000	21,000	21,875	875
C-Funds	-	-	133,214	133,214
Grants	-	-	50,415	50,415
Concessions	5,000	5,000	5,146	146
Contributions & donations	-	-	100	100
ARPA Funds	-	-	2,821,531	2,821,531
Rentals	59,620	59,620	63,719	4,099
Tournaments	160,000	160,000	80,050	(79,950)
Other	7,600	7,600	5,513	(2,087)
Totals	<u>254,720</u>	<u>254,720</u>	<u>3,405,199</u>	<u>3,150,479</u>
Total Revenues	<u>\$ 14,068,730</u>	<u>\$ 14,068,730</u>	<u>\$ 17,314,158</u>	<u>\$ 3,245,428</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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
General Government				
Municipal Council				
Salaries	\$ 20,400	\$ 20,400	\$ 20,400	\$ -
Employee benefits	49,013	49,013	34,045	14,968
Travel and training	5,000	5,000	-	5,000
Meeting expense	3,000	3,000	4,216	(1,216)
Flowers	500	500	640	(140)
Dues and subscriptions	2,250	2,250	2,245	5
Total Municipal Council	80,163	80,163	61,546	18,617
Municipal Court				
Salaries	136,741	136,741	142,327	(5,586)
Employee benefits	58,997	58,997	44,109	14,888
Supplies	6,000	6,000	8,768	(2,768)
Travel and training	5,600	5,600	6,510	(910)
Cell phone	-	-	-	-
Video conferencing	5,000	5,000	3,808	1,192
Postage	500	500	-	500
Cell phone	1,000	1,000	1,656	(656)
Victim's assistance	13,500	13,500	11,329	2,171
Public defender	13,500	13,500	15,266	(1,766)
Reimbursement to other governments	60,000	60,000	65,791	(5,791)
Total Municipal Court	300,838	300,838	299,564	1,274
Administration				
Salaries	502,688	502,688	538,480	(35,792)
Employee benefits	180,122	180,122	151,915	28,207
Professional services	29,000	29,000	29,027	(27)
HR training and development	12,000	12,000	5,748	6,252
Data processing services	25,333	25,333	30,252	(4,919)
Codify ordinances	1,500	1,500	2,052	(552)
Communications	-	-	4,707	(4,707)
Contract services	9,600	9,600	10,226	(626)
Auto operation	2,000	2,000	1,348	652
Copier	11,655	11,655	14,974	(3,319)
IT expenses	5,000	5,000	2,910	2,090
Office supplies	20,000	20,000	32,826	(12,826)
Other	11,200	11,200	23,133	(11,933)
Travel and training	15,000	15,000	29,062	(14,062)
Cell phone	6,100	6,100	6,378	(278)
Postage	3,600	3,600	4,591	(991)
Repairs and maintenance	1,000	1,000	7,240	(6,240)
Software maintenance	4,200	4,200	12,418	(8,218)
Legal advertising	2,000	2,000	1,011	989
Dues and subscriptions	9,000	9,000	11,509	(2,509)
Capital outlay	-	-	-	-
Total Administration	850,998	850,998	919,807	(68,809)
Total General Government	1,231,999	1,231,999	1,280,917	(48,918)

(continued)

**CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Developmental Services				
Salaries	\$ 288,300	\$ 288,300	\$ 343,505	\$ (55,205)
Employee benefits	112,735	112,735	142,087	(29,352)
Professional services	10,000	10,000	784	9,216
Uniforms	600	600	1,245	(645)
Copier	6,000	6,000	7,061	(1,061)
IT expenses	2,500	2,500	4,995	(2,495)
Software maintenance	17,000	17,000	23,604	(6,604)
Supplies	7,000	7,000	6,184	816
Travel and training	6,000	6,000	9,728	(3,728)
Cell phone	2,500	2,500	3,196	(696)
Auto operation	1,800	1,800	2,387	(587)
Vehicle maintenance	800	800	1,420	(620)
Comprehensive and other	20,000	20,000	47,330	(27,330)
Dues and subscriptions	1,200	1,200	827	373
Total Developmental Services	476,435	476,435	594,353	(117,918)
Public Works				
Salaries	403,574	403,574	388,397	15,177
Employee benefits	211,094	211,094	241,027	(29,933)
Medical	1,000	1,000	2,190	(1,190)
Professional services	2,000	2,000	-	2,000
Uniforms	9,000	9,000	8,184	816
Auto operation	34,200	34,200	21,636	12,564
Living Memorial Gardens	-	-	975	(975)
Tree care	14,000	14,000	15,375	(1,375)
Tree work	15,000	15,000	15,925	(925)
Landfill charges	1,000	1,000	-	1,000
Small tools	1,500	1,500	1,602	(102)
Supplies	24,000	24,000	21,698	2,302
Travel and training	5,000	5,000	4,565	435
Cell phone	5,677	5,677	6,014	(337)
Repairs - equipment	4,000	4,000	2,653	1,347
Building grounds/maintenance	10,000	10,000	10,067	(67)
Vehicle maintenance	13,000	13,000	9,811	3,189
Street maintenance	120,000	120,000	104,304	15,696
Equipment expenditure	52,214	52,214	-	52,214
Dues and subscriptions	500	500	330	170
IT expenses	-	-	332	(332)
Total Public Works	926,759	926,759	855,085	71,674

(continued)

**CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Police Department				
Salaries	\$ 2,015,799	\$ 2,015,799	\$ 2,002,609	\$ 13,190
Employee benefits	963,585	963,585	870,351	93,234
Medical	4,785	4,785	4,824	(39)
Uniforms	33,326	33,326	24,374	8,952
Auto operation	87,426	87,426	63,958	23,468
Boat operations	6,000	6,000	1,578	4,422
Postage	400	400	414	(14)
Software maintenance	118,902	118,902	92,297	26,605
Supplies	39,634	39,634	61,652	(22,018)
Office supplies	11,000	11,000	8,774	2,226
Travel and training	41,970	41,970	26,798	15,172
Cell phones	30,000	30,000	29,121	879
Board and lodge prisoners	10,000	10,000	6,098	3,902
Repairs - equipment	6,000	6,000	59,111	(53,111)
Building/grounds maintenance	18,750	18,750	16,644	2,106
Repairs - vehicle	25,000	25,000	30,909	(5,909)
Dues and subscription	2,057	2,057	1,870	187
Copier	25,200	25,200	20,721	4,479
Vehicle expenditure	78,155	78,155	-	78,155
IT expenses	24,000	24,000	17,420	6,580
Community relations	9,000	9,000	9,595	(595)
K-9 Expense	15,545	15,545	3,405	12,140
Capital Outlay	-	-	228,350	(228,350)
Total Police Department	3,566,534	3,566,534	3,580,873	(14,339)
Fire Services				
Salaries	1,522,523	1,522,523	1,354,597	167,926
Employee benefits	628,295	628,295	626,115	2,180
Medical	13,950	13,950	9,535	4,415
Uniforms	57,114	57,114	48,599	8,515
Fuel	37,195	37,195	31,195	6,000
Supplies	18,950	18,950	16,481	2,469
Travel and training	43,991	43,991	17,913	26,078
Cell phones	4,028	4,028	1,538	2,490
Repairs - vehicle	34,450	34,450	52,820	(18,370)
Repairs - equipment	19,900	19,900	19,450	450
Contribution	18,000	18,000	18,000	-
Building and grounds maintenance	31,155	31,155	32,231	(1,076)
Apparatus and equipment	49,850	49,850	45,887	3,963
Software maintenance	20,200	20,200	23,993	(3,793)
Volunteer response	6,000	6,000	159	5,841
EMS	8,500	8,500	8,258	242
IT expenses	11,800	11,800	11,728	72
Equipment expenditure	16,323	16,323	46,628	(30,305)
Dues and subscriptions	3,275	3,275	1,657	1,618
Total Fire Services	2,545,499	2,545,499	2,366,784	178,715

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Parks and Recreation				
Salaries	\$ 595,857	\$ 595,857	\$ 596,632	\$ (775)
Employee benefits	228,148	228,148	254,025	(25,877)
Medical	1,000	1,000	3,223	(2,223)
Sports uniforms	70,000	70,000	75,016	(5,016)
Uniforms	3,400	3,400	5,355	(1,955)
Referees/extra help	45,000	45,000	58,492	(13,492)
Supplies	20,000	20,000	26,639	(6,639)
Travel and training	4,200	4,200	6,723	(2,523)
Auto operations	21,500	21,500	21,149	351
Vehicle maintenance	3,000	3,000	3,151	(151)
Cell phones	7,000	7,000	6,878	122
Equipment repairs and maintenance	4,000	4,000	5,861	(1,861)
Contract grounds maintenance	111,500	111,500	92,338	19,162
Athletic field supplies	3,500	3,500	3,673	(173)
Recreation equipment	13,000	13,000	19,165	(6,165)
Professional insurance	4,000	4,000	3,805	195
Dues and subscriptions	775	775	1,225	(450)
Entry fees	3,545	3,545	3,144	401
Park maintenance	123,000	123,000	154,318	(31,318)
Vehicle expenditure	15,159	15,159	-	15,159
Trail maintenance	10,000	10,000	2,658	7,342
Doggie stations	7,000	7,000	4,480	2,520
IT expenses	8,000	8,000	8,281	(281)
Copier	4,000	4,000	2,484	1,516
Capital outlay	-	-	1,471,536	(1,471,536)
	-	-	-	-
Total Parks and Recreation	1,306,584	1,306,584	2,830,251	(1,523,667)
Non-departmental				
Safety program	40,000	40,000	32,615	7,385
Flags	2,000	2,000	1,289	711
Employees program	2,100	2,100	2,300	(200)
Street lights	20,000	20,000	22,907	(2,907)
Median lighting	1,200	1,200	437	763
Computer repair	75,000	75,000	118,584	(43,584)
C-Funds road work	-	-	132,974	(132,974)
Operational contingency	658,968	658,968	347,023	311,945
Legal fees	65,000	65,000	81,714	(16,714)
Property insurance	275,000	275,000	300,457	(25,457)
Waste management services	1,074,541	1,074,541	1,027,783	46,758
Utilities	186,500	186,500	303,944	(117,444)
Stormwater fees	15,660	15,660	15,660	-
City Hall building expenses	7,000	7,000	22,398	(15,398)
RFATS	6,000	6,000	3,879	2,121
Stonecrest HOA dues	5,000	5,000	5,000	-
	-	-	-	-
Total Non-departmental	2,433,969	2,433,969	2,418,964	15,005

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Debt Service				
Principal	\$ 1,594,239	\$ 1,594,239	\$ 1,284,749	\$ 309,490
Interest and fiscal charges	-	-	458,959	(458,959)
Total Debt Service	<u>1,594,239</u>	<u>1,594,239</u>	<u>1,743,708</u>	<u>(149,469)</u>
Total Expenditures	<u>14,082,018</u>	<u>14,082,018</u>	<u>15,670,935</u>	<u>(1,588,917)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,288)</u>	<u>(13,288)</u>	<u>1,643,223</u>	<u>1,656,511</u>
Other Financing Sources (Uses)				
Insurance recoveries	-	-	404,363	404,363
Sale of general capital assets	5,000	5,000	15,013	10,013
Transfers in/(out)				
TCUD	-	-	(222,868)	(222,868)
Events and Tourism	-	-	-	-
Beach and Swim Club Fund	8,288	8,288	8,288	-
Total Other Financing Sources (Uses)	<u>13,288</u>	<u>13,288</u>	<u>204,796</u>	<u>191,508</u>
Net Change in Fund Balance	-	-	1,848,019	1,848,019
Fund Balance, beginning	<u>9,958,422</u>	<u>9,958,422</u>	<u>9,958,422</u>	<u>-</u>
Fund Balance, ending	<u>\$ 9,958,422</u>	<u>\$ 9,958,422</u>	<u>\$ 11,806,441</u>	<u>\$ 1,848,019</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, 2023

	Memorial	Police	Beach and Swim Club	Golf Club	Hospitality Tax	Events and Tourism	Total
Assets							
Cash and cash investments	\$ -	\$ 16,251	\$ 111,886	\$ 2,146,833	\$ 226,507	\$ 25,863	\$ 2,527,340
Accounts receivable	-	-	-	39,408	38,502	-	77,910
Inventory	-	-	-	115,828	-	-	115,828
Prepaid expenses	-	-	-	21,373	-	-	21,373
Total Assets	<u>\$ -</u>	<u>\$ 16,251</u>	<u>\$ 111,886</u>	<u>\$ 2,323,442</u>	<u>\$ 265,009</u>	<u>\$ 25,863</u>	<u>\$ 2,742,451</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 18,880	\$ 219,052	\$ -	\$ -	\$ 237,932
Accrued expenses	-	-	-	30,031	-	-	30,031
Unearned revenue	-	-	-	88,622	-	-	88,622
Due to other funds	-	-	12,363	-	3,750	42,874	58,987
Total Liabilities	<u>-</u>	<u>-</u>	<u>31,243</u>	<u>337,705</u>	<u>3,750</u>	<u>42,874</u>	<u>415,572</u>
Fund Balances							
Nonspendable	-	-	-	137,201	-	-	137,201
Restricted	-	-	-	-	261,259	(17,011)	244,248
Committed	-	16,251	80,643	-	-	-	96,894
Unassigned	-	-	-	1,848,536	-	-	1,848,536
Total Fund Balances	<u>-</u>	<u>16,251</u>	<u>80,643</u>	<u>1,985,737</u>	<u>261,259</u>	<u>(17,011)</u>	<u>2,326,879</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 16,251</u>	<u>\$ 111,886</u>	<u>\$ 2,323,442</u>	<u>\$ 265,009</u>	<u>\$ 25,863</u>	<u>\$ 2,742,451</u>

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2023

	Memorial	Police	Beach and Swim Club	Golf Club	Hospitality Tax	Events and Tourism	Total
Revenues							
Hospitality tax	\$ -	\$ -	\$ -	\$ -	\$ 403,265	\$ -	\$ 403,265
Event fees	-	-	-	-	-	31,325	31,325
Memberships	-	-	173,455	-	-	-	173,455
Golf	-	-	-	2,685,149	-	-	2,685,149
Pool and tennis	-	-	-	27,591	-	-	27,591
Drug seizures	-	5,716	-	-	-	-	5,716
Interest	-	-	43	26,311	-	-	26,354
Other	-	-	14,273	109,376	-	-	123,649
Total Revenues	<u>-</u>	<u>5,716</u>	<u>187,771</u>	<u>2,848,427</u>	<u>403,265</u>	<u>31,325</u>	<u>3,476,504</u>
Expenditures							
Salaries	-	-	10,123	-	-	-	10,123
Employee benefits	-	-	733	-	-	-	733
Pool management	-	-	67,300	-	-	-	67,300
Sanitation	-	-	2,099	-	-	-	2,099
Supplies	-	-	1,356	-	-	-	1,356
Advertising	-	-	-	-	37,808	-	37,808
Other	-	4,865	7,104	-	11,500	-	23,469
Contributions	-	-	-	-	50,000	-	50,000
Utilities	-	-	22,588	-	-	-	22,588
Equipment repairs and maintenance	-	-	6,548	-	-	-	6,548
Building and grounds maintenance	1,616	-	29,346	-	84,085	-	115,047
Professional insurance	-	-	1,714	-	-	-	1,714
Golf club management	-	-	-	1,772,574	-	-	1,772,574
Community Events	-	-	-	-	-	211,042	211,042
Capital outlay	-	-	18,880	1,038,196	28,608	-	1,085,684
Debt service							
Principal	-	-	-	351,822	23,060	-	374,882
Interest	-	-	-	9,202	1,557	-	10,759
Total Expenditures	<u>1,616</u>	<u>4,865</u>	<u>167,791</u>	<u>3,171,794</u>	<u>236,618</u>	<u>211,042</u>	<u>3,793,726</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,616)</u>	<u>851</u>	<u>19,980</u>	<u>(323,367)</u>	<u>166,647</u>	<u>(179,717)</u>	<u>(317,222)</u>
Other Financing Sources (Uses)							
Proceeds from debt issuance	-	-	-	745,136	-	-	745,136
Sale of capital assets	-	-	-	243,000	-	-	243,000
Transfers in/(out)							
Special revenue fund	-	-	-	-	(173,000)	173,000	-
General fund	-	-	(8,288)	-	-	-	(8,288)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,288)</u>	<u>988,136</u>	<u>(173,000)</u>	<u>173,000</u>	<u>979,848</u>
Net Change in Fund Balances	<u>(1,616)</u>	<u>851</u>	<u>11,692</u>	<u>664,769</u>	<u>(6,353)</u>	<u>(6,717)</u>	<u>662,626</u>
Fund Balances, beginning	<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>
Fund Balances, ending	<u>\$ -</u>	<u>\$ 16,251</u>	<u>\$ 80,643</u>	<u>\$ 1,985,737</u>	<u>\$ 261,259</u>	<u>\$ (17,011)</u>	<u>\$ 2,326,879</u>

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, 2023

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Golf	\$ 1,833,573	\$ 2,685,149	\$ 851,576
Pool and tennis	32,948	27,591	(5,357)
Other	-	109,376	109,376
Interest	-	26,311	26,311
Total Revenues	<u>1,866,521</u>	<u>2,848,427</u>	<u>981,906</u>
Expenditures			
Golf	402,879	604,606	(201,727)
Pool and tennis	20,110	16,367	3,743
Golf course maintenance	681,309	663,053	18,256
Property operations	17,715	86,095	(68,380)
Sales and marketing	13,150	11,099	2,051
Utilities	41,725	37,852	3,873
Insurance	20,300	32,421	(12,121)
PTEB	105,896	73,692	32,204
General and administrative	155,361	247,389	(92,028)
Capital outlay	-	1,038,196	(1,038,196)
Debt service			
Principal	-	351,822	(351,822)
Interest	5,920	9,202	(3,282)
Total Expenditures	<u>1,464,365</u>	<u>3,171,794</u>	<u>(1,707,429)</u>
Other Financing Sources (Uses)			
Proceeds from debt issuance	-	745,136	745,136
Sale of capital assets	-	243,000	243,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>988,136</u>	<u>988,136</u>
Net Change in Fund Balances	402,156	664,769	262,613
Fund Balances, beginning	<u>1,320,968</u>	<u>1,320,968</u>	<u>-</u>
Fund Balances, ending	<u>\$ 1,723,124</u>	<u>\$ 1,985,737</u>	<u>\$ 262,613</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, 2023

	Budget	Actual Amounts	Variance with Final Budget
Operating Revenues			
Tap fees	\$ 468,000	\$ 431,050	\$ (36,950)
Impact fees	269,424	283,435	14,011
Irrigation taps	20,000	17,150	(2,850)
Water fees	2,549,578	2,527,484	(22,094)
Sewer fees	2,999,263	2,962,151	(37,112)
Water activation fees	21,600	23,500	1,900
Reconnect fees	15,000	4,650	(10,350)
Penalties	8,500	11,930	3,430
Fire Hydrant Rental	2,500	8,350	5,850
Miscellaneous	7,000	17,138	10,138
Total Operating Revenues	6,360,865	6,286,838	(74,027)
Operating Expenses			
Salaries	1,076,889	1,069,011	7,878
Employee benefits	463,431	453,004	10,427
Legal and professional services	140,000	149,759	(9,759)
Water purchased	991,675	1,098,992	(107,317)
Sewer treatment fees	906,984	947,816	(40,832)
Sewer clean-out	35,000	27,627	7,373
Water testing	6,000	4,528	1,472
Meters and supplies	200,000	212,361	(12,361)
Small tools	10,000	9,438	562
Training and education	15,000	18,478	(3,478)
Auto expense	28,000	32,033	(4,033)
Cell phone	8,500	8,045	455
Miscellaneous	19,700	18,474	1,226
Chemicals	80,000	136,381	(56,381)
Depreciation	-	1,015,428	(1,015,428)
Utilities	190,000	193,785	(3,785)
Capital outlay - equipment	42,000	-	42,000
Sludge hauling	80,000	78,070	1,930
Treatment plant maintenance	160,000	177,501	(17,501)
Office supplies	5,750	6,158	(408)
Copier	3,500	5,693	(2,193)
Lift station maintenance	125,000	66,342	58,658
Billing	28,000	29,547	(1,547)
Debt service payment	176,421	-	176,421
Vehicle maintenance	20,000	16,732	3,268
Contingency	409,423	-	409,423
Software maintenance	32,500	48,149	(15,649)
Insurance	40,000	42,856	(2,856)
Water tower maintenance	47,000	52,054	(5,054)
Dues and subscriptions	2,500	757	1,743
SDW act	22,000	16,259	5,741
Total Operating Expenses	5,365,273	5,935,278	(570,005)
Operating Income	995,592	351,560	(644,032)

CITY OF TEGA CAY
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Nonoperating Revenues (Expenses)			
Interest revenue	\$ 100	\$ 53,867	\$ 53,767
Transfers in	-	222,868	222,868
Interest expense and fiscal charges	(995,692)	(239,662)	756,030
Total Nonoperating Revenues (Expenses)	<u>(995,592)</u>	<u>37,073</u>	<u>1,032,665</u>
Change in Net Position	-	388,633	388,633
Net Position, beginning	<u>8,196,067</u>	<u>8,196,067</u>	-
Net Position, ending	<u>\$ 8,196,067</u>	<u>\$ 8,584,700</u>	<u>\$ 388,633</u>

CITY OF TEGA CAY
 STORMWATER FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating Revenues			
Stormwater compliance fees	\$ 619,000	\$ 609,515	\$ (9,485)
Total Operating Revenues	<u>619,000</u>	<u>609,515</u>	<u>(9,485)</u>
Operating Expenses			
Salaries	249,313	196,383	52,930
Employee benefits	69,039	50,952	18,087
Legal and professional services	10,000	9,538	462
Training and education	2,500	3,660	(1,160)
Cell phone	1,560	2,009	(449)
Permits	2,200	-	2,200
Billing	2,600	2,464	136
Vehicle maintenance	30,000	50,811	(20,811)
Property maintenance	3,000	-	3,000
Insurance	32,525	3,429	29,096
Auto expense	32,000	25,226	6,774
Vehicle expenditure	58,952	-	58,952
Drainage maintenance materials	108,571	59,926	48,645
Information technology	16,590	18,026	(1,436)
Dues and subscriptions	150	-	150
Depreciation	-	79,267	(79,267)
Total Operating Expenses	<u>619,000</u>	<u>501,691</u>	<u>117,309</u>
Operating Income	<u>-</u>	<u>107,824</u>	<u>107,824</u>
Nonoperating Revenues (Expenses)			
Interest expense and fiscal charges	-	(3,299)	(3,299)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(3,299)</u>	<u>(3,299)</u>
Change in Net Position	<u>-</u>	<u>104,525</u>	<u>104,525</u>
Net Position, beginning	<u>246,185</u>	<u>246,185</u>	<u>-</u>
Net Position, ending	<u>\$ 246,185</u>	<u>\$ 350,710</u>	<u>\$ 104,525</u>

CITY OF TEGA CAY

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS,
AND SURCHARGES (per ACT 96)
YEAR ENDED SEPTEMBER 30, 2023

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	\$ -	\$ -	\$ 158,520	\$ 158,520
Court fines and assessments remitted to State Treasurer	-	-	(70,796)	(70,796)
Total Court Fines and Assessments Retained	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,724</u>	<u>\$ 87,724</u>
Surcharges and Assessments Retained for Victim Services				
Surcharges collected and retained	\$ -	\$ -	\$ 6,010	\$ 6,010
Assessments retained	-	-	2,941	2,941
Total Surcharges and Assessments Retained for Victim Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,951</u>	<u>\$ 8,951</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	6,010	-	6,010
Victim Service surcharges retained by City/County Treasurer	2,941	-	2,941
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>\$ 8,951</u>	<u>\$ -</u>	<u>\$ 8,951</u>

(continued)

CITY OF TEGA CAY

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS,
AND SURCHARGES (per ACT 96) - Continued
YEAR ENDED SEPTEMBER 30, 2023

	<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	8,951	-	8,951
(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>8,951</u>	<u>-</u>	<u>8,951</u>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Carryforward Funds - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>