

CITY OF SENECA
FINANCIAL REPORT
JUNE 30, 2019

City of Seneca
Financial Report
Year Ended June 30, 2019

Table of Contents

Independent Auditor's Report	<i>i - iii</i>
Management's Discussion and Analysis	<i>vii – xvii</i>
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
<i>Statement of Net Position</i>	3
<i>Statement of Activities</i>	4
<i>Fund Financial Statements</i>	
<i>Balance Sheet - Governmental Funds</i>	5
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds</i>	6
<i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	7
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund</i>	8 – 11
<i>Statement of Net Position – Proprietary Funds</i>	12 – 13
<i>Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds</i>	14
<i>Statement of Cash Flows - Proprietary Funds</i>	16 – 17
<i>Statement of Fiduciary Net Position – Fiduciary Fund</i>	18
<i>Statement of Changes in Fiduciary Net Position – Fiduciary Fund</i>	18
<i>Notes to Financial Statements</i>	21 – 51
Combining and Individual Fund Statements and Schedules	
<i>Nonmajor Special Revenue Funds - Combining Balance Sheet</i>	54
<i>Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i>	55

continued

<i>Schedules of Revenues, Expenditures, and Changes in Fund</i>	
<i>Balances – Budget to Actual</i>	
<i>Community Development Fund</i>	56
<i>HospitalityTax Fund</i>	57
<i>Accomodations Tax Fund</i>	58
<i>“C” Funds</i>	59
<i>CAT Operating Grant...PT-9N711-42</i>	60
<i>OPT Contract # PT-9N711-42– Schedule of Budgeted to Actual Costs</i>	61
<i>CAT Operating Grant...PT-8N711-47</i>	62
<i>OPT Contract # PT-8N711-47– Schedule of Budgeted to Actual Costs</i>	63
<i>TIGGER Grant...PT-3N709-G2</i>	65
<i>IT Needs Assessment Grant...PT-9N7SP-01</i>	66
<i>OPT Contract # PT-9N7SP-01– Schedule of Budgeted to Actual Costs</i>	67
<i>Capital Earmark Grant...PT-9N739-01</i>	68
<i>OPT Contract # PT-9N739-01– Schedule of Budgeted to Actual Costs</i>	69
<i>Schedules of Revenues, Expenses and Changes in Net</i>	
<i>Position -Budget to Actual</i>	
<i>Light & Water Fund</i>	70
<i>Seneca Facitilites Corp Fund</i>	71
<i>Seneca Improvements Corp Fund</i>	72
<i>Capital Assets Used in the Operation of Governmental Funds</i>	
<i>Schedule by Type</i>	74
<i>Schedule by Function and Activity</i>	75
<i>Other Required Information</i>	
<i>Victim Services</i>	79
<i>Schedule of the City’s Proportionate Shre of the Net Pension Liability</i>	
<i>South Carolina Retirement System</i>	80
<i>Schedule of the City’s Contributions</i>	
<i>South Carolina Retirement System</i>	81
<i>Schedule of the City’s Proportionate Share of the Net Pension Liability</i>	
<i>Police Officers’ Retirement System</i>	82
<i>Schedule of the City’s Contributions</i>	
<i>Police Officers’ Retirement System</i>	83
<i>Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	
	85-86
<i>Schedule of Findings – Financial Statement Audit</i>	87



STANCIL
COOLEY ESTEP
& STAMEY, LLP

*Certified Public
Accountants*

631 ByPass 123
P. O. Drawer 1279
Seneca, SC 29679

(864) 882-3048
Fax 882-7489

602-5 College Avenue
Clemson, SC 29631

(864) 654-4945
Fax 654-9476

www.scescpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seneca's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and schedules, and the victim services supplementary schedule of fines and assessments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and nonmajor fund financial statements and schedules, and the victim services supplementary schedule of fines and assessments are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2019, on our consideration of the City of Seneca, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Seneca's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Seneca, South Carolina's internal control over financial reporting and compliance.

Stancil, Cooley, Estep & Stamey, LLP

Seneca, South Carolina
December 20, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

As management of the City of Seneca we offer readers of the City of Seneca's financial statements this narrative overview and analysis of the financial activities of the City of Seneca for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements, additional information furnished in the notes to the financial statements and the supplementary statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Seneca exceeded its liabilities at the close of the most recent fiscal year by \$43,460,799 (net position). Of the amount, \$(11,936,600) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$671,826 during the fiscal year. See the Governmental-wide financial analysis section for more details.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,660,805.
- On July 1, 2005 the City issued \$12,500,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. On March 29, 2012 the City issued \$8,350,000 of revenue bonds to provide resources for future debt service payments on the July 1, 2005 bonds. On September 26, 2013 the City issued \$5,840,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. During the current fiscal year the city repaid \$1,175,000, leaving an outstanding balance of \$9,710,000 at June 30, 2019. For more details see Note number eleven in the Notes to Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Seneca's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the City of Seneca's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Seneca is improving or deteriorating.

The statement of activities presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Seneca that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Seneca include general government, public safety, street, sanitation, economic development and recreation. The business-type activities of the City of Seneca include Seneca Light and Water plant which handles electric distribution, sewer collection, water collections, processing and distribution and the Seneca Industrial Facility which leases building space for warehousing and manufacturing.

The government-wide financial statements include the City of Seneca's governmental activities and business-type activities and can be found on pages 3-4 of this financial statement.

Fund financial statements

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

Governmental funds

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

While the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Seneca maintains two governmental type funds - a general fund and special revenue funds. Information is presented separately in the governmental fund balance sheets and in the government fund statement of revenues, expenditures, and changes in fund balances.

The City of Seneca adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 5-7 of this report.

Proprietary funds

The City of Seneca maintains three proprietary funds. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Seneca uses enterprise funds to account for the Seneca Light and Water Plant, the Seneca Facilities Corp., and the Seneca Improvements Corp.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Seneca Light and Water Plant, the Seneca Facilities Corp., and the Seneca Improvements Corp. These proprietary funds are considered to be major funds of the City of Seneca.

The basic proprietary fund financial statements can be found on pages 12-17 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seneca's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-51 of this report.

Supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required information concerning the Victim Services. Other required information can be found on page 79 of this report.

Governmental-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seneca, assets exceeded liabilities by \$43,460,799 at the close of the most recent fiscal year.

By far the largest portion of the City of Seneca's net position (110.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Seneca uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Current and Other Assets	\$ 5,390,991	\$ 5,407,614	\$ 17,545,466	\$ 20,212,498	\$22,936,457	\$25,620,112
Net Capital Assets	15,738,234	16,218,789	58,995,789	57,418,661	74,734,023	73,637,450
Total Assets	\$21,129,225	\$21,626,403	\$76,541,255	\$77,631,159	\$97,670,480	\$99,257,562
Long-term Debt Outstanding	\$ 11,430,390	\$ 11,458,911	\$ 32,699,294	\$ 34,943,388	\$44,129,684	\$46,402,299
Other Liabilities	2,857,435	2,344,892	7,222,562	6,377,747	10,079,997	8,722,639
Total Liabilities	\$14,287,825	\$13,803,803	\$39,921,856	\$41,321,135	\$54,209,681	\$55,124,938
Net Assets						
Investment in Capital (net of related debt)	\$ 14,919,382	\$ 15,772,938	\$ 32,981,016	\$ 29,838,950	\$47,900,398	\$45,611,888
Restricted	671,943	364,523	6,825,058	5,487,123	7,497,001	5,851,646
Unrestricted	(8,749,925)	(8,314,861)	(3,186,675)	983,952	(11,936,600)	(7,330,909)
Total Net Position	\$6,841,400	\$7,822,600	\$36,619,399	\$36,310,025	\$43,460,799	\$44,132,625

At the end of the current fiscal year, the City of Seneca is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for the prior fiscal year.

Governmental activities

During the current fiscal year, the City of Seneca's governmental activities' net position decreased by \$981,200. Key factors in this decrease are as follows:

- Governmental funds excess of revenues and other financing sources over expenditures of \$381,243 caused by general fund excess of \$401,600 and a deficit of \$20,357 in other governmental funds.
- Depreciation expense of \$(1,866,986) exceeded the change in capital assets of \$1,386,431 resulting in a deficit of \$(480,555), as reported on the Statement of Activities.
- Change in City's proportionate share of net pension liability, deferred outflow, and deferred inflow decreased by \$402,746, GASB 68.
- Changes in compensated absences accrued in salary expense increased by \$107,320.

The table below summarizes the changes in net position for fiscal year 2019.

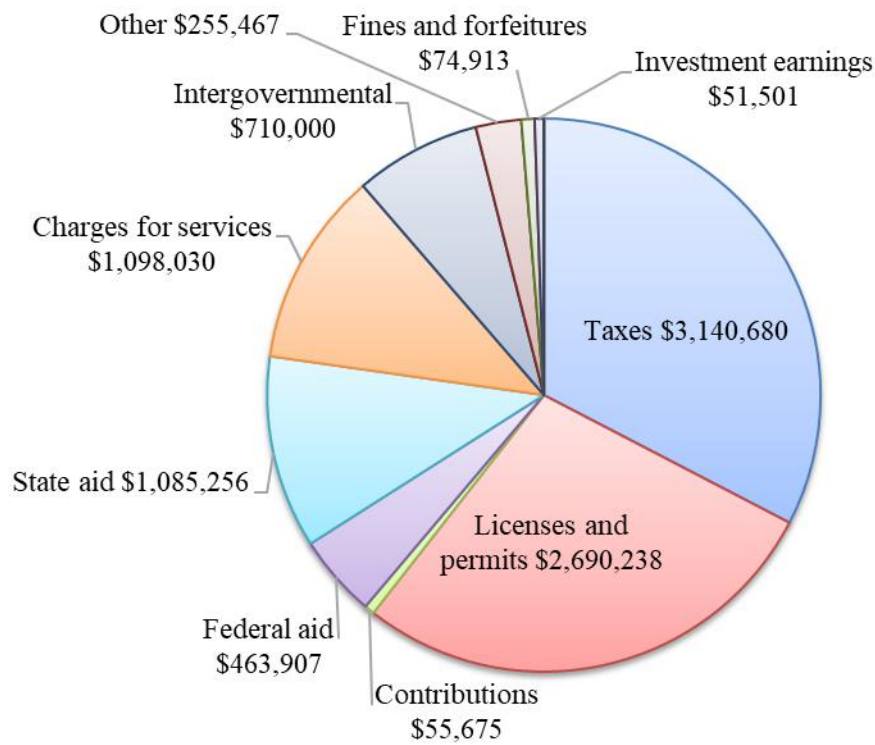
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
REVENUES:						
Program Revenues:						
Charges for sales and	\$1,098,030	\$1,089,334	30,894,895	30,263,115	\$31,992,925	\$31,352,449
General revenues:						
Property taxes	3,140,680	3,011,240	-	-	3,140,680	3,011,240
Other revenues	2,690,238	2,460,093	-	-	2,690,238	2,460,093
Restricted grants	1,385,632	1,304,016	-	-	1,385,632	1,304,016
Grants and contributions not restricted to specific	929,206	1,080,660	-	-	929,206	1,080,660
Other/Interest/Fines	381,881	480,251	237,401	(16,920)	619,282	463,331
Total revenues	\$9,625,667	\$9,425,594	\$31,132,296	\$30,246,195	\$40,757,963	\$39,671,789
EXPENSES:						
General government	2,934,071	2,590,289	-	-	2,934,071	2,590,289
Public safety	5,906,088	4,889,179	-	-	5,906,088	4,889,179
Public Works	1,822,986	1,745,948	-	-	1,822,986	1,745,948
Culture and recreation	2,120,881	2,135,123	-	-	2,120,881	2,135,123
Museums	233,424	-				
Depreciation	1,866,986	1,790,142	2,352,281	2,341,462	4,219,267	4,131,604
Other	237,446	41,489	646,851	598,714	884,297	640,203
Administration	-	-	4,502,166	3,974,995	4,502,166	3,974,995
Electric	-	-	11,910,336	11,808,677	11,910,336	11,808,677
Water	-	-	3,484,251	3,631,564	3,484,251	3,631,564
Sewer	-	-	2,710,274	2,687,643	2,710,274	2,687,643
Interest on Long Term debt	-	-	701,748	748,746	701,748	748,746
Total expenses	15,121,882	13,192,170	26,307,907	25,791,801	41,429,789	38,983,971
Increase in net position before transfers	(5,496,215)	(3,766,576)	4,824,389	4,454,394	(671,826)	687,818
Transfer	4,515,015	6,490,691	(4,515,015)	(6,490,691)	-	-
Increase in net position	(981,200)	2,724,115	309,374	(2,036,297)	(671,826)	687,818
Beginning net position	7,822,600	5,098,485	36,310,025	38,229,254	44,132,625	43,327,739
Prior-period adjustment	0	0	0	117,068	0	117,068
Ending net position	\$6,841,400	\$7,822,600	\$36,619,399	\$36,310,025	\$43,460,799	\$44,132,625

GOVERNMENTAL ACTIVITIES

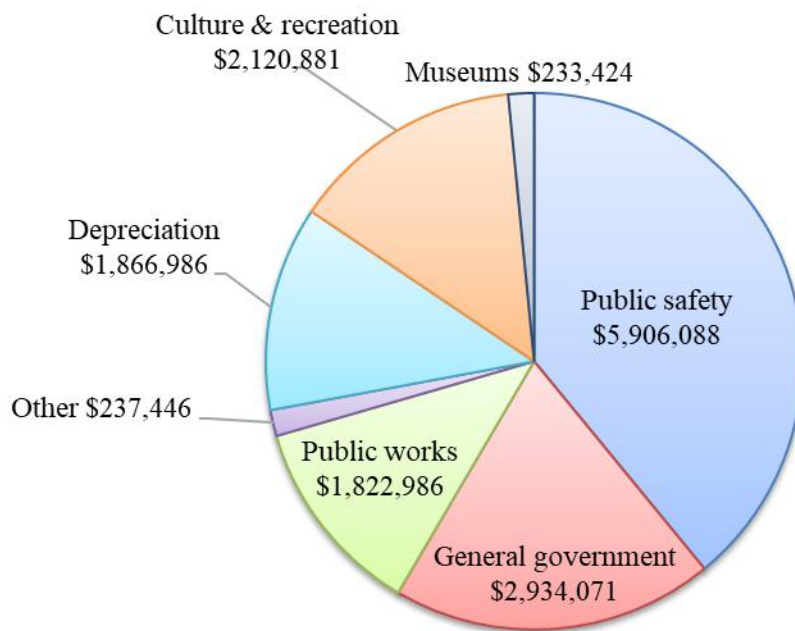
A chart is provided below which depicts the amount of revenue derived from property taxes, grants and contributions, business license and permit fees, charges for services, intergovernmental, and other revenues.

Revenue by Source



The figure below represents the expenditures of all governmental activities. The majority of expense comes from public safety (Police and Fire Departments), the next highest expense is General government (Municipal Judge, Mayor & Council, Finance/Administration, and Planning & Development). The City of Seneca ended the year with a decrease in net position of \$981,200. See page 5 for the key factors in this increase.

Expenditures by Function

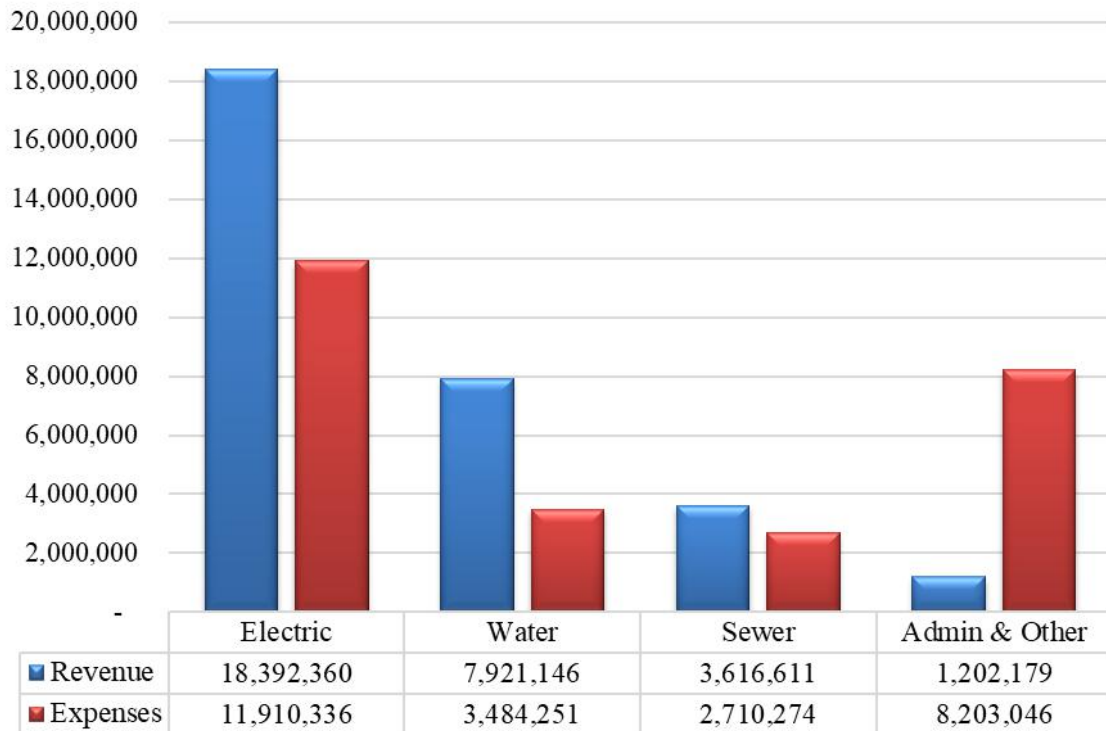


Business-type activities

Business-type activities increased the City of Seneca's net position by \$309,374. Key elements of the increase are as follows:

- Operating Revenues exceed Operating Expenses by \$5,288,736 for the Light & Water, Seneca Facilities Corp, and Seneca Improvements Corp Funds combined.
- Interest expense of \$701,748.
- Transfers to other funds of \$4,515,015.

Expenses and Program Revenues



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Seneca's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Seneca's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Government wide unrestricted net assets at June 30, 2019 is \$(8,749,925) due to the change in accounting principle GASB 68. GASB 68 requires the City to record a pension liability of \$10,818,566 for Governmental Funds. The unrestricted net assets balance would be \$2,068,641 without the pension liability recorded. The remainder of net position is reserved to indicate that it is not available for new spending because it is comprised of investments in capital assets, restrictions for debt service and health care expenses.

The general fund is the chief operating fund of the City of Seneca. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,660,805, while total assets were \$3,988,463. In addition, the city has \$15,738,234 in general fixed assets net of depreciation. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds

The City of Seneca's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the Light and Water Fund at fiscal year end was \$(3,186,675). The Seneca Facilities Corp Fund handles the activity at the Industrial Facility on Shiloh Road. The Restricted Net Position of the Seneca Facilities Corp Fund at fiscal year end was \$1,667,177. The Seneca Improvements Corp Fund aids with economic business establishment and retention for the City of Seneca. The Restricted Net Position of the Seneca Improvements Corp Fund at fiscal year end was \$1,619,408.

General Fund Budgetary Highlights

The budgeted expenditures exceed the actual expenditures by \$740,925. The following is a brief summary of some of the variances.

- The Culture and Recreation Department expenditures exceeded budget by \$212,030.
- The General Government Departments expenditures exceeded budget by \$251,584.
- The Public Works Departments expenditures exceeded budget by \$216,119.
- The Fire Department expenditures exceeded budget by \$68,144.
- The Police Department expenditures exceeded budget by \$151,428.

- Capital Outlay expenditures were under budget by \$81,742.

The total amount of these increased expenditures were approved by council and funded by Fund Balance Reserves and reflected as budget variances in the current financial statement.

Capital Assets

The City of Seneca’s investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$74,734,023 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture and fixtures, equipment and vehicles, electrical system, water system, sewer system and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Construction in Progress for Light & Water \$3,617,232
- Construction in Progress in Seneca Improvements Corporation for Vangeli’s \$67,806
- Construction in Progress Seneca Facilities Corporation for Johnson Controls and Borg Warner Upfit \$515,013
- Vehicles Governmental Fund \$56,105
- Equipment Governmental Fund \$555,656
- Vehicles Light and Water Fund \$80,768
- Equipment Light & Water Fund \$42,340
- Electrical Expansion \$56,982
- Water Expansion \$157,387
- Sewer Expansion \$76,425

The total decrease in the City of Seneca’s net capital assets for the current fiscal year was \$1,096,573, coming from an decrease of \$480,555 for Governmental Activities and a increase of \$1,577,128 for Business-type Activities.

	Governmental Activities		Business-type Activities		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Land	1,035,039	1,035,039	1,271,576	1,271,576	\$2,306,615	2,306,615
Building and system	4,468,195	4,649,902	16,458,312	16,859,965	20,926,507	21,509,867
Improvement other than Building	6,210,443	6,377,978	35,481,764	36,517,526	41,692,207	42,895,504
Machinery and equipment	971,968	1,084,605	1,161,474	1,358,710	2,133,442	2,443,315
Vehicles	3,014,033	3,071,266	559,393	646,236	3,573,426	3,717,502
Construction in Progress	38,558	0	4,063,271	764,648	4,101,829	764,648
Total	15,738,235	\$16,218,790	\$58,995,790	\$57,418,661	\$74,734,025	\$73,637,451

Additional information on the City of Seneca's capital assets can be found in note 6 in the Notes to financial statements beginning on page 21.

Economic Factors and Next Year's Budgets and Rates

The City of Seneca is located in Oconee County and is becoming a hub for businesses in the South Carolina Upstate, and the neighboring portions of Georgia and North Carolina.

In fiscal year 2019, the City of Seneca added 32.9 acres of residential land into the city. Growth inside the city is also shown by the number of housing starts and building permits issued. The city had 32 single family housing starts. The value of residential permits issued last calendar year was \$9,906,889.

Seneca Light and Water is saving on the cost of electricity through use of a peak shaving program. Five generators allow the city to generate electricity during the peak usage time of Santee Cooper, our power supplier.

Within the City of Seneca, the market value was increased by 3.59% percent from \$735,093,600 in 2018 to \$761,489,816 in 2019.

Request for Information

This financial report is designed to provide a general overview of the City of Seneca's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Seneca, Finance Officer, PO Box 4773, Seneca, SC, 29679.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
Statement of Net Position
June 30, 2019

	<i>Primary Government</i>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 1,571,526	\$ 935,355	\$ 2,506,881
Investments	1,078,109	3,813,357	4,891,466
Receivables			
Property taxes	87,075	-	87,075
Accounts	333,760	3,943,794	4,277,554
Interest	8	-	8
Notes	41,929	-	41,929
Other	-	243,216	243,216
Prepaid expenses	27,284	12,035	39,319
Internal balances	(1,340,000)	1,340,000	-
Due from other governmental units	85,871	678,225	764,096
Inventory	21,509	1,440,504	1,462,013
Restricted cash	1,548,390	3,453,406	5,001,796
Capital assets:			
Land and construction in progress	1,073,597	5,334,847	6,408,444
Other capital assets, net of depreciation	14,664,637	53,660,942	68,325,579
Total assets	\$ 19,193,695	\$ 74,855,681	\$ 94,049,376
Deferred outflow of resources			
Deferred bond gain	\$ -	\$ 411,528	\$ 411,528
Deferred pension charges	1,935,530	1,274,046	3,209,576
Total deferred outflow of resources	\$ 1,935,530	\$ 1,685,574	\$ 3,621,104
Liabilities			
Accounts payable	\$ 702,681	\$ 982,835	\$ 1,685,516
Accrued expenses	423,002	1,364,650	1,787,652
Compensated absences payable	539,293	382,319	921,612
Customer deposits	-	980,726	980,726
Due to other governmental units	302,707	375,519	678,226
Unearned revenue	136,649	956,011	1,092,660
Noncurrent liabilities, net:			
Due within one year	207,028	2,039,668	2,246,696
Due in more than one year	611,824	24,137,258	24,749,082
Net pension liability	10,818,566	8,562,036	19,380,602
Total liabilities	\$ 13,741,750	\$ 39,781,022	\$ 53,522,772
Deferred inflow of resources			
Deferred pension credits	\$ 546,075	\$ 140,834	\$ 686,909
Net position			
Invested in capital assets, net of debt	\$ 14,919,382	\$ 32,981,016	\$ 47,900,398
Restricted for:			
Debt service	818,852	2,568,294	3,387,146
Generation savings	-	1,116,296	1,116,296
Health care	(146,909)	(146,117)	(293,026)
Other	-	3,286,585	3,286,585
Unrestricted	(8,749,925)	(3,186,675)	(11,936,600)
Total net position	\$ 6,841,400	\$ 36,619,399	\$ 43,460,799

See Notes to Financial Statements

City of Seneca
Statement of Activities
For the Year Ended June 30, 2019

Functions / programs	Expenses	Program revenues		Net (expense) revenue & changes in net position		
		Charges for services	Operating grants & contributions	Governmental activities	Primary government Business-type activities	Total
Primary government:						
Governmental activities						
General government	\$ 2,934,071	\$ -	\$ -	\$ (2,934,071)	\$ -	\$ (2,934,071)
Public safety	5,906,088	-	-	(5,906,088)	-	(5,906,088)
Public works	1,822,986	-	-	(724,956)	-	(724,956)
Cultural & recreation	2,120,881	1,098,030	-	(2,120,881)	-	(2,120,881)
Museums	233,424	-	-	(233,424)	-	(233,424)
Depreciation	1,866,986	-	-	(1,866,986)	-	(1,866,986)
Other	237,446	-	-	(181,771)	-	(181,771)
Total governmental activities	\$ 15,121,882	\$ 1,098,030	\$ -	\$ (13,968,177)	\$ -	\$ (13,968,177)
Business-type activities						
Electric	\$ 11,910,336	\$ 18,392,360	\$ -	\$ -	\$ 6,482,024	\$ 6,482,024
Water	3,484,251	7,921,146	-	-	4,436,895	4,436,895
Sewer	2,710,274	3,616,611	-	-	906,337	906,337
Admin	4,502,166	-	-	-	(4,502,166)	(4,502,166)
Other	646,851	964,778	-	-	317,927	317,927
Interest	701,748	-	-	-	(701,748)	(701,748)
Depreciation	2,352,281	-	-	-	(2,352,281)	(2,352,281)
Total business activities	\$ 26,307,907	\$ 30,894,895	\$ -	\$ -	\$ 4,586,988	\$ 4,586,988
Total primary government	\$ 41,429,789	\$ 31,992,925	\$ -	\$ (13,968,177)	\$ 4,586,988	\$ (9,381,189)
General revenues:						
Taxes	\$ 3,140,680	\$ -	\$ -	\$ 3,140,680	\$ -	\$ 3,140,680
Fines / forfeitures	74,913	-	-	74,913	-	74,913
Licenses & permits	2,690,238	-	-	2,690,238	-	2,690,238
Federal aid	463,907	-	-	463,907	-	463,907
State aid	1,085,256	-	-	1,085,256	-	1,085,256
County aid	710,000	-	-	710,000	-	710,000
Investment earnings (loss)	51,501	237,388	-	288,889	-	288,889
Other	255,467	-	-	255,467	13	255,480
Transfers	4,515,015	-	-	(4,515,015)	-	-
Total general revenues and transfers	\$ 12,986,977	\$ (981,200)	\$ -	\$ (4,277,614)	\$ 309,374	\$ 8,709,363
Change in net assets						\$ (671,826)
Capital Contribution						-
Net position - beginning						\$ 44,132,625
Net position - ending						\$ 43,460,799

City of Seneca
Balance Sheet - Governmental Funds
June 30, 2019

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
	Assets		
Cash	\$ 995,357	\$ 576,169	\$ 1,571,526
Investments	1,078,109	-	1,078,109
Receivables (net of allowances)			
Property taxes	87,075	-	87,075
Accounts	144,868	188,892	333,760
Interest	-	8	8
Notes	-	41,929	41,929
Prepaid expenses	27,284	-	27,284
Restricted cash	1,548,390	-	1,548,390
Due from other governmental units	85,871	-	85,871
Inventory	21,509	-	21,509
Total assets	\$ 3,988,463	\$ 806,998	\$ 4,795,461
Liabilities			
Accounts payable	\$ 446,843	\$ 255,838	\$ 702,681
Accrued expenses	423,002	-	423,002
Due to other governmental units	1,340,000	302,707	1,642,707
Unearned revenue	215,929	-	215,929
Total liabilities	\$ 2,425,774	\$ 558,545	\$ 2,984,319
Fund balances			
Nonspendable:			
Inventory	\$ 21,509	\$ -	\$ 21,509
Prepaid expenses	27,284	-	27,284
Health Care	(146,909)	-	(146,909)
Assigned:			
Special projects	-	248,453	248,453
Unassigned	1,660,805	-	1,660,805
Total fund balances	\$ 1,562,689	\$ 248,453	\$ 1,811,142
Total liabilities, deferred outflows and inflows of resources and fund balances	\$ 3,988,463	\$ 806,998	
Amounts reported for governmental activities in the statement of net position are different because:			
Property taxes receivable to full assessment value			79,280
GASB 68 adjustment			1,389,455
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.			15,738,234
Net pension liability			(10,818,566)
Long-term liabilities are not due and payable in the current period			
Compensated absences			(539,293)
Capital leases			(818,852)
Net position of governmental funds			\$ 6,841,400

See Notes to Financial Statements

City of Seneca
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Revenues			
Taxes	\$ 2,365,175	\$ 774,326	\$ 3,139,501
Licenses and permits	2,690,238	-	2,690,238
Federal aid	-	463,907	463,907
State aid	223,531	861,725	1,085,256
County aid	650,000	60,000	710,000
Charges for services	1,098,030	-	1,098,030
Fines and forfeitures	74,913	-	74,913
Investment earnings (loss)	51,500	1	51,501
Other revenues	239,932	3,758	243,690
Total revenues	\$ 7,393,319	\$ 2,163,717	\$ 9,557,036
Expenditures			
Current operating			
General government	\$ 2,101,826	\$ -	\$ 2,101,826
Public safety	5,601,930	-	5,601,930
Public works	1,845,491	-	1,845,491
Project administration	-	760,836	760,836
Culture and recreation	1,534,516	536,432	2,070,948
Museums	231,278	-	231,278
Capital outlay			
General government	48,195	-	48,195
Public safety	63,195	-	63,195
Public works	21,811	-	21,811
Culture and recreation	38,199	-	38,199
Museums	89,712	-	89,712
Special revenue funds	-	831,826	831,826
Intergovernmental grants	-	8,474	8,474
Other expenditures	-	44,537	44,537
Total expenditures	\$ 11,576,153	\$ 2,182,105	\$ 13,758,258
Excess (deficiency) of revenues over (under) expenditures	\$ (4,182,834)	\$ (18,388)	\$ (4,201,222)
Other financing sources			
Proceeds from sale of fixed assets	\$ 11,777	\$ -	\$ 11,777
Contributions & donations	55,675	-	55,675
Interfund transfers, net	4,516,982	(1,969)	4,515,013
Total other financing sources	\$ 4,584,434	\$ (1,969)	\$ 4,582,465
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 401,600	\$ (20,357)	\$ 381,243
Fund balances, beginning	1,161,089	268,810	1,429,899
Fund balances, ending	\$ 1,562,689	\$ 248,453	\$ 1,811,142

See Notes to Financial Statements

City of Seneca
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2019

<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	\$ 381,243				
<p>Net change in fund balances - total governmental funds</p>	381,243				
<p>Changes in the City's proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities / GASB 68</p>	(402,746)				
<p>Property taxes are recorded at assessed values for the government-wide financial statements - the change in the amount to adjust to full assessment.</p>	1,179				
<p>Governmental funds report capital outlays as expenditures...however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the change in capital assets exceeded the change in accumulated depreciation.</p>					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Change in capital assets</td> <td style="text-align: right;">\$ 1,386,431</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(1,866,986)</td> </tr> </table>	Change in capital assets	\$ 1,386,431	Depreciation	(1,866,986)	(480,555)
Change in capital assets	\$ 1,386,431				
Depreciation	(1,866,986)				
<p>Changes in compensated absences are accrued in salary expense of the various departments, the change is reflected in the liability section of the government-wide statement of net position.</p>	(107,320)				
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, 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>	(477,924)				
<p>Repayment of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.</p>	104,923				
<p>Change in net position of governmental activities</p>	\$ (981,200)				

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2019

Revenues	Original & Final Budget	Actual	Budget Variance
Property taxes			
Real property	\$ 1,932,893	\$ 1,984,808	\$ 51,915
Vehicles	200,000	226,071	26,071
Other	135,000	154,296	19,296
Total property taxes	\$ 2,267,893	\$ 2,365,175	\$ 97,282
Licenses and permits			
Business licenses	\$ 2,000,000	\$ 2,347,907	\$ 347,907
Franchise fees	76,000	76,568	568
Building permits	45,000	84,384	39,384
Miscellaneous permits	21,000	29,232	8,232
Natural gas authority	135,000	152,147	17,147
Total licenses and permits	\$ 2,277,000	\$ 2,690,238	\$ 413,238
Intergovernmental			
County revenue sharing	\$ 650,000	\$ 650,000	\$ -
State government shared revenue	183,809	189,450	5,641
SC housing authority	15,000	31,131	16,131
State grants / SCMIT	2,000	2,950	950
Total intergovernmental	\$ 850,809	\$ 873,531	\$ 22,722

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2019

Revenues	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Charges for services			
Garbage fees	\$ 1,055,058	\$ 1,098,030	\$ 42,972
Fines and forfeitures			
Municipal court fines	\$ 120,000	\$ 62,590	\$ (57,410)
Victims assistance fines	25,000	12,323	(12,677)
Total fines and forfeitures	<u>\$ 145,000</u>	<u>\$ 74,913</u>	<u>\$ (70,087)</u>
Investment earnings (loss)	\$ -	\$ 51,500	\$ 51,500
Other			
Recreation fees / sports	\$ 61,000	\$ 68,270	\$ 7,270
Miscellaneous	115,500	171,662	56,162
Total other	<u>\$ 176,500</u>	<u>\$ 239,932</u>	<u>\$ 63,432</u>
Total revenues	<u>\$ 6,772,260</u>	<u>\$ 7,393,319</u>	<u>\$ 621,059</u>

continued

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2019

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Expenditures			
Current operating			
General government			
Municipal judge	\$ 249,507	\$ 257,932	\$ (8,425)
Mayor and council	159,790	226,408	(66,618)
Finance / administration	1,048,655	1,246,290	(197,635)
Planning and development	392,290	371,196	21,094
Total general government	<u>\$ 1,850,242</u>	<u>\$ 2,101,826</u>	<u>\$ (251,584)</u>
Public safety			
Police department	\$ 3,462,445	\$ 3,613,873	\$ (151,428)
Fire department	1,919,913	1,988,057	(68,144)
Total public safety	<u>\$ 5,382,358</u>	<u>\$ 5,601,930</u>	<u>\$ (219,572)</u>
Public works			
Street department	\$ 822,380	\$ 907,483	\$ (85,103)
Sanitation department	418,704	551,884	(133,180)
Motor pool	388,288	386,124	2,164
Total public works	<u>\$ 1,629,372</u>	<u>\$ 1,845,491</u>	<u>\$ (216,119)</u>
Culture & recreation			
Museums	\$ 1,322,486	\$ 1,534,516	\$ (212,030)
Total	<u>\$ 307,916</u>	<u>\$ 231,278</u>	<u>\$ 76,638</u>

continued

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2019

Expenditures	Original & Final Budget	Actual	Budget Variance
<i>continued</i>			
Capital outlay			
General government	\$ 20,000	\$ 48,195	\$ (28,195)
Public safety	76,000	63,195	12,805
Public works	197,854	21,811	176,043
Museums	9,000	89,712	(80,712)
Culture / recreation	40,000	38,199	1,801
Total capital outlay	<u>\$ 342,854</u>	<u>\$ 261,112</u>	<u>\$ 81,742</u>
Total expenditures	<u>\$ 10,835,228</u>	<u>\$ 11,576,153</u>	<u>\$ (740,925)</u>
Excess (deficiency) of revenues over under expenditures	<u>\$ (4,062,968)</u>	<u>\$ (4,182,834)</u>	<u>\$ 119,866</u>
Other financing sources			
Proceeds from sale of fixed assets	\$ 10,000	11,777	1,777
Contributions & donations	-	55,675	55,675
Interfund transfers, net	4,052,968	4,516,982	464,014
Total other financing sources	<u>\$ 4,062,968</u>	<u>\$ 4,584,434</u>	<u>\$ 521,466</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 401,600</u>	<u>\$ 401,600</u>
Fund balance, beginning	<u>\$ 1,161,089</u>	<u>\$ 1,161,089</u>	<u>\$ -</u>
Fund balance, ending	<u>\$ 1,161,089</u>	<u>\$ 1,562,689</u>	<u>\$ 401,600</u>

**City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2019**

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 275,977	\$ 387,997	\$ 271,381	\$ 935,355
Restricted cash	2,441,754	-	1,011,652	3,453,406
Investments	3,813,357	-	-	3,813,357
Receivables:				
Accounts receivable	3,703,794	240,000	-	3,943,794
Other receivables	18,942	224,274	-	243,216
Prepaid expenses	12,035	-	-	12,035
Due from other funds	678,225	1,340,000	-	2,018,225
Inventory	1,440,504	-	-	1,440,504
Total current assets	\$ 12,384,588	\$ 2,192,271	1,283,033	\$ 15,859,892
Noncurrent assets				
Land	\$ 1,030,988	\$ 240,588	-	\$ 1,271,576
Buildings	15,320,907	2,223,202	373,569	17,917,678
Improvements	67,106,708	3,102,870	-	70,209,578
Equipment	7,038,987	-	-	7,038,987
Vehicles	3,470,114	-	-	3,470,114
Construction in progress	3,626,623	368,842	67,806	4,063,271
Less, accumulated depreciation	(44,167,913)	(807,502)	-	(44,975,415)
Total noncurrent assets	\$ 53,426,414	\$ 5,128,000	441,375	\$ 58,995,789
Total assets	\$ 65,811,002	\$ 7,320,271	1,724,408	\$ 74,855,681
Deferred outflow of resources				
Deferred bond gain, net	\$ 411,528	\$ -	-	\$ 411,528
Deferred pension charges	1,274,046	-	-	1,274,046
Total deferred outflow of resources	\$ 1,685,574	\$ -	-	\$ 1,685,574

continued

**City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2019**

continued

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 976,072	\$ 6,763	\$ -	\$ 982,835
Accrued expenses	1,364,650	-	-	1,364,650
Compensated absences	382,319	-	-	382,319
Capital lease payable, current	209,447	-	-	209,447
State revolving fund loan, current	625,221	-	-	625,221
Bonds payable, current	1,205,000	-	-	1,205,000
Customer deposits	950,726	30,000	-	980,726
Deferred Revenue	930,199	25,812	-	956,011
Due to other funds	-	370,519	5,000	375,519
Total current liabilities	\$ 6,643,634	\$ 433,094	5,000	\$ 7,081,728
Long-term liabilities				
Capital lease payable,	\$ 219,887	\$ -	\$ -	\$ 219,887
State revolving fund loans	10,092,371	-	-	10,092,371
Bonds payable,	8,505,000	-	-	8,505,000
Notes payable,	-	5,220,000	100,000	5,320,000
Net pension liability	8,562,036	-	-	8,562,036
Total long-term liabilities	\$ 27,379,294	\$ 5,220,000	100,000	\$ 32,699,294
Total liabilities	\$ 34,022,928	\$ 5,653,094	105,000	\$ 39,781,022
Deferred inflow of resources				
Deferred pension credits	\$ 140,834	\$ -	-	\$ 140,834
Net position				
Invested in capital assets, net of related debt	\$ 32,981,016	\$ -	\$ -	\$ 32,981,016
Restricted for:				
Debt service	2,568,294	-	-	2,568,294
Generation savings	1,116,296	-	-	1,116,296
Health care	(146,117)	-	-	(146,117)
Other	-	1,667,177	1,619,408	3,286,585
Unrestricted	(3,186,675)	-	-	(3,186,675)
Total net position	\$ 33,332,814	\$ 1,667,177	1,619,408	\$ 36,619,399

See Notes to Financial Statements

City of Seneca
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Operating revenues				
Charges for services				
Electric	\$ 18,392,360	\$ -	\$ -	\$ 18,392,360
Water	7,921,146	-	-	7,921,146
Sewer	3,616,611	-	-	3,616,611
Lease Income	-	924,737	-	924,737
Other	24,355	15,686	-	40,041
Total operating revenues	<u>\$ 29,954,472</u>	<u>\$ 940,423</u>	<u>\$ -</u>	<u>\$ 30,894,895</u>
Operating expenses				
Light & Water administration	\$ 2,451,887	\$ -	\$ -	\$ 2,451,887
I & I department	148,490	-	-	148,490
Billing department	851,020	-	-	851,020
Engineering department	713,658	-	-	713,658
Electrical department	2,889,157	-	-	2,889,157
Water department	1,677,878	-	-	1,677,878
Sewer department	2,710,274	-	-	2,710,274
Water plant	1,806,373	-	-	1,806,373
Electrical generation / purchase	9,021,179	-	-	9,021,179
Maintenance	646,851	-	-	646,851
Depreciation	2,219,129	133,152	-	2,352,281
Program expenses	-	-	12,158	12,158
Facilities administration	-	324,953	-	324,953
Total operating expenses	<u>\$ 25,135,896</u>	<u>\$ 458,105</u>	<u>\$ 12,158</u>	<u>\$ 25,606,159</u>
Operating income (loss)	\$ 4,818,576	\$ 482,318	\$ (12,158)	\$ 5,288,736
Non-operating revenues (expenses)				
Investment income (loss)	\$ 223,012	\$ 2,724	11,652	\$ 237,388
Interest expense	(513,378)	(188,370)	-	(701,748)
Sale of fixed assets	13	-	-	13
Other financing sources (uses)				
Interfund transfers in (out)	(5,801,964)	-	1,286,949	(4,515,015)
Net income (loss)	\$ (1,273,741)	\$ 296,672	\$ 1,286,443	\$ 309,374
Net position, beginning	<u>34,606,555</u>	<u>1,370,505</u>	<u>332,965</u>	<u>36,310,025</u>
Net position, ending	<u>\$ 33,332,814</u>	<u>\$ 1,667,177</u>	<u>\$ 1,619,408</u>	<u>\$ 36,619,399</u>

See Notes to Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 30,378,670	\$ 846,235	\$ -	\$ 31,224,905
Payments to suppliers / goods and services	(17,047,352)	(371,110)	(12,158)	(17,430,620)
Other income	-	-	-	-
Payments to / for employees	(5,893,017)	-	-	(5,893,017)
Net cash provided (used) by operating activities	<u>\$ 7,438,301</u>	<u>\$ 475,125</u>	<u>\$ (12,158)</u>	<u>\$ 7,901,268</u>
Cash flows from non-capital financing activities:				
Interfund transfers, net	\$ (5,801,964)	\$ -	\$ 1,286,949	\$ (4,515,015)
Total cash flows from non-capital financing activities	<u>\$ (5,801,964)</u>	<u>\$ -</u>	<u>\$ 1,286,949</u>	<u>\$ (4,515,015)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets, net	\$ (3,439,183)	\$ (385,471)	\$ (104,755)	\$ (3,929,409)
Proceeds from sale of capital assets	13	-	-	13
Principal paid on capital debt	(2,001,662)	-	-	(2,001,662)
Interest paid on capital debt	(433,728)	(188,370)	-	(622,098)
Capital debt	-	-	100,000	100,000
Other	-	-	-	-
Total cash flows from capital and related financing activities	<u>\$ (5,874,560)</u>	<u>\$ (573,841)</u>	<u>\$ (4,755)</u>	<u>\$ (6,453,156)</u>
Cash flows from investing activities:				
Other receivables	\$ -	\$ 75,734	\$ -	\$ 75,734
Withdrawal from investment account	920,117	-	-	920,117
Interest income	19,732	2,724	11,652	34,108
Total cash flows from investing activities	<u>\$ 939,849</u>	<u>\$ 78,458</u>	<u>\$ 11,652</u>	<u>\$ 1,029,959</u>
Net increase (decrease) in cash	\$ (3,298,374)	\$ (20,258)	\$ 1,281,688	\$ (2,036,944)
Cash, beginning	\$ 6,016,105	\$ 408,255	\$ 1,345	\$ 6,425,705
Cash, ending	\$ 2,717,731	\$ 387,997	\$ 1,283,033	\$ 4,388,761

continued

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 4,818,576	\$ 482,318	\$ (12,158)	\$ 5,288,736
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,219,129	133,152	-	2,352,281
Changes in assets (increase), decrease:				
Accounts receivable	(79,583)	(120,000)	-	(199,583)
Other receivable	43,521	-	-	43,521
Due from other funds	101,415	-	-	101,415
Prepaid expenses	10,720	-	-	10,720
Inventory	(672,404)	-	-	(672,404)
Deferred bond gain	79,650	-	-	79,650
Deferred pension charges	394,549	-	-	394,549
Changes in liabilities increase,(decrease):				
Accounts payable	399,942	(4,740)	-	395,202
Accrued expenses	(111,414)	(3)	-	(111,417)
Customer deposits	50,621	-	-	50,621
Deferred revenue	409,639	25,812	-	435,451
Compensated absences payable	14,818	-	-	14,818
Pension Liability	(298,830)	(41,414)	-	(298,830)
Due to other funds	-	-	-	(41,414)
Deferred pension credits	57,952	-	-	57,952
Total adjustments	\$ 2,619,725	\$ (7,193)	-	\$ 2,612,532
Net cash provided by operating activities	\$ 7,438,301	\$ 475,125	\$ (12,158)	\$ 7,901,268
Schedule of non-cash and related financing activities:				
Non-cash and related financing activities				
Contribution of capital assets	\$ -	\$ -	\$ -	\$ -

See Notes to Financial Statements

**City of Seneca
Statement of Fiduciary Net Position
Agency Fund
June 30, 2019**

	Firemens Fund
Assets	
Cash / investments	\$ 54,291
Liabilities	-
Net position	
Held in trust for firemen	\$ 54,291

See Notes to Financial Statements



**City of Seneca
Statement of Changes in Fiduciary Net Position
Agency Fund
For the Year Ended June 30, 2019**

	Firemens Fund
Additions	
Contributions	\$ 36,237
Investment earnings	69
Total additions	\$ 36,306
Reductions	
Benefits	18,053
Change in net position	\$ 18,253
Net position, beginning	36,038
Net position, ending	\$ 54,291

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
Notes to Financial Statements
June 30, 2019

1. Summary of significant accounting policies

A. Reporting entity

The **City of Seneca** was incorporated in 1874 by a public act passed by the South Carolina General Assembly and later certified in 1902 under Article II Chapter XLIX of the Code of 1902. Currently the City operates under a mayor/council form of government with an appointed City administrator and an elected mayor and eight council members.

The City of Seneca is comprised of the various departments of the general fund, the special revenue funds (which administer the various grant projects), the enterprise funds (light and water and Seneca facilities corp fund), and the agency fund. Seneca facilities corp fund is a blended component unit. There are no discretely presented component units included in this financial statement. No entities are excluded that would make the financial statement misleading.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, grants or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the fiscal year end. Expenditures are recorded when a liability is incurred.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other governmental fund revenue items are considered to be measurable and available when received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or, contradict, guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for quasi-external type transactions between the government's light and water fund and the general government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The City recognizes these transactions as interfund transfers and reports them as an other financing source / use.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, all taxes are general revenues.

Proprietary funds (light and water and Seneca facilities corp funds) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's primary ongoing operations. The principal operating revenues of the light and water fund are charges to customers for electric, water and sewer services. Impact and tap fees are reported as operating revenues. Operating expenses for the light and water fund include the costs of utility purchases and services, administrative expenses and asset depreciation. The principal operating revenue of the Seneca facilities corp fund is lease income. Operating expenses include administrative expenses and asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating.

The City reports deferred revenue arising from funds received prior to its legal claim to them. The revenues are recognized in subsequent periods when the City has legal claim to those resources.

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

Due to legal requirements and the diverse nature of the operations of a city, there must be a separation of transactions by class or nature of activity. The accounts of a city are organized on the basis of funds or account groups, each of which is a separate, independent accounting entity.

The operations of each fund are recorded in a separate, self-balancing set of accounts showing its assets, liabilities, fund balance, and revenues and expenditures. The types of funds maintained by the City of Seneca are as follows:

Governmental Funds

General Fund -- the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in other funds.

Special Revenue Funds -- used to account for the proceeds of specific revenues that are restricted for specific expenditures other than special assessments, expendable trusts, or major capital projects.

Proprietary Funds

Enterprise Funds -- accounts for charges to users for electricity, water and sewer services, lease income and the cost of operations of the utility systems and facilities. Depreciation is recorded in these funds.

Fiduciary Funds

Agency Fund -- accounts for assets held in a trustee capacity for the firemens fund. Assets of this fund are reported at fair value.

D. Blended component unit

Seneca Facilities Corporation is a nonprofit public benefit corporation formed on August 3, 2012 for the purpose of assisting the City in promoting and encouraging the retention of existing businesses and industries and the establishment of new businesses and industries in economically distressed areas of the City. Seneca Facilities Corporation is a blended component unit of the City of Seneca in accordance with the requirements set forth in GASB Statement No. 61 "The Financial Reporting Entity: Omnibus." Seneca Facilities Corporation and the City of Seneca have substantively the same governing body, and management of the City have operational responsibility for the activities of Seneca Facilities Corporation. Seneca Facilities Corporation is a major fund and is presented as a proprietary fund in the basic financial statements. Information regarding separate financial statements of Seneca Facilities Corporation may be obtained by contacting Mr. Josh Riches at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

Seneca Improvements Corporation is a nonprofit public benefit corporation formed on September 6, 2016 for the purpose of aiding and assisting the City in economic business establishment and retention. The corporation acquired property at 106 N Walnut Street for future development. Seneca Improvements Corporation is a blended component unit of the City of Seneca in accordance with the requirements set forth in GASB Statement No. 61 "The Financial Reporting Entity: Omnibus." Seneca Improvements Corporation and the City of Seneca have substantively the same governing body, and management of the City have operational responsibility for the activities of Seneca Improvements Corporation. Seneca Improvements Corporation is presented as a proprietary fund in the basic financial statements. Information regarding separate financial statements of Seneca Improvements Corporation may be obtained by contacting Mr. Josh Riches at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

E. Adoption of accounting standards/change in accounting principle

The City of Seneca implemented for the fiscal year ended June 30, 2015, GASB Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27” (“GASB 68”) and GASB No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68” (“GASB 71” and collectively “Statements”) for the fiscal year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is the GASB’s intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City’s financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension liability, deferred outflows of resources and deferred inflows of resources for its participation in the South Carolina Retirement System and the South Carolina Police Officers’ Retirement System (“Plans”), cost-sharing multiple employer defined benefit pensions plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the statement of net position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City’s governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority (“PEBA”) who administers the Plans. However, the adoption has resulted in the restatement of the City’s net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pensions liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Due to the operation of an enterprise fund, the Net Pension Liability and Deferred Pension Charges and Credits are allocated between governmental activities and business type activities. The allocations are shown in the table below.

Activity Type	Net Pension Liability	Deferred Pension Charges	Deferred Pension Credits
Governmental	\$ 10,818,566	\$ 1,935,530	\$ 546,075
Business	8,562,036	1,274,046	140,834
Total	<u>\$ 19,380,602</u>	<u>\$ 3,209,576</u>	<u>\$ 686,909</u>

2. Budgetary information

Annual budgets and supplementary budget appropriations are adopted by ordinance by the City Council providing for operations and capital expenditures of the City. The budget is prepared by function and activity within an individual fund. All budgets

are required to have two readings before being enacted into law. There were no budgetary amendments during the fiscal year.

The special revenue funds receiving grant entitlements are mandated by project budgets that may extend over several accounting periods. Therefore, budget control is exercised by project. Such grants having budget periods that encompass more than one accounting period of the City are treated as legal non-appropriated budgets. Budgets for the general, special revenue, and enterprise funds are adopted on a basis consistent with generally accepted accounting principles. Annual budgetary appropriations lapse at year-end.

3. Compensated absences

Amounts of vested accumulated leave time (vacation and compensatory time) are recorded as a compensated absence liability in the government-wide financial statements. Vested leave time of proprietary funds is recorded as an expense and a liability as the benefits accrue. Amounts of governmental funds vested leave time are not recorded in the general fund until they mature and are due.

4. Inventories

The inventory of the light and water fund (proprietary fund type) consists of expendable supplies and construction materials, which are accounted for in a perpetual inventory system. The inventory is valued at the lower of average cost or market value and is recorded as an expense as consumed.

5. Cash and investments

Cash includes demand deposits and sweep accounts. Cash deposits in excess of amounts insured by Federal Deposit Insurance are collateralized by U.S. Government securities held by the counterparty in the counterparty's name. The carrying amount of all fund's deposits at June 30, 2019 is \$6,602,166. The bank balance of the funds at June 30, 2019 is \$7,091,559, of which \$2,242,610 is category 1 (insured by Federal Deposit Insurance), and \$4,848,949 is category 3 (Uncollateralized...collateralized with securities held by the pledging institution not in the City's name).

The following are the categories of credit risk relating to bank balance:

<u>Risk Category</u>	<u>Description of Category</u>
1	Insured or collateralized with securities held by the City or by the City's agent in the City's name.
2	Collateralized with securities held by the pledging institution in the City's name.
3	Uncollateralized – includes any bank balance that is collateralized with securities held by the pledging institution not in the City's name.

Investments are recorded at cost or fair value and interest receivable is accrued at year-end. All investments are expected to be held to maturity. Any significant discount or premium on the purchase of long-term investments is amortized over the term of the investment by the straight-line method. The types of investments authorized by legal or contractual provisions of the City are in accordance with State statutes. Those statutes provide for investments in:

- 1. Obligations of the United States and Agencies thereof.*
- 2. General obligations of the State of South Carolina or any of its political units.*
- 3. Savings and Loan Associations to the extent that the same are insured by the FDIC.*
- 4. Certificates of deposit collateralized by securities of Types 1 or 2 held by a third party as escrow agent or custodian.*
- 5. South Carolina Pooled Investment Fund.*

The City may also hold funds in deposit accounts with banking institutions and the above such investments shall have maturities consistent with the time/times when the invested monies will be needed as cash. The City invests in funds secured by notes and bonds of the U.S. Government, or its related agencies, certificates of deposit at FDIC insured banking institutions and banking instruments collateralized by U.S. Government Securities. Investments of the State Investment Pool are exempt from risk categorization because third party custodians take delivery of the investment securities. The City owns no identifiable securities but is a shareholder of a percentage of the State Investment Pool. Pooled funds are collateralized by U.S. Government Securities.

The following is a summary by classification of credit risk of significant investments held by the City at June 30, 2019.

<u>Risk Category</u>	<u>Description of Category</u>
1	<i>Insured or registered, or held directly by the City.</i>
2	<i>Uninsured and unregistered and held by the counterparty's trust department or agent in the City's name.</i>
3	<i>Uninsured and unregistered and held by the counterparty not in the City's name (includes amounts collateralized with securities held by the counterparty).</i>

Interest rate risk - The City manages its exposure to declines in fair values by structuring its investments such that the maturities of the investments are consistent with the liquidity requirement of the City.

Credit risk – The City does not invest in commercial paper or bonds of corporations. Its investments are limited to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, certificates of deposit, and repurchase agreements.

Concentration of credit risk – The City's investment policy does not preclude it from investing idle funds in any one type of investment, provided that the investment is authorized by the State of South Carolina. Sound financial management dictates that

the City limit its exposure to credit risk and, therefore, the City holds various investment instruments provided by multiple issuers.

Custodial credit risk, deposits – In the case of deposits, there is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$4,848,949 of the City’s bank balance of \$7,091,559 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name.

Custodial credit risk, investments – For investments, there 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 of collateral securities that are in the possession of an outside party. Of the investments of \$4,891,466, the City has no custodial credit risk exposure because investments in the State Investment Pool and US Government Agencies are exempt from risk categorization.

The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits. Investments are recorded at cost or fair value depending on the nature and term of the investment. The following is an analysis of investments held at June 30, 2019:

<u>Investment</u>	<u>Carrying amount</u>	<u>Market value</u>
State Investment Pool	\$ 11,081	\$ 11,081
US Government Agencies	4,880,385	4,880,385
	<u>\$ 4,891,466</u>	<u>\$ 4,891,466</u>

6. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements prospectively. Capital assets for general governmental purposes are acquired through expenditures from the general fund and the special revenue funds. The City’s policy is to capitalize purchases of \$ 5,000 and above.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost, net of interest income, incurred during the construction phase is included as construction-period interest as an integral part of the cost of construction. The City qualifies as a phase 3 government for reporting major general infrastructure fixed assets and elects to record such assets prospectively.

Capital assets are recorded at cost (fair market value if donated) and depreciated using the straight-line method with estimated useful lives between five and forty years as follows:

<i>Type of asset</i>	<i>Estimated life</i>
<i>Buildings</i>	40
<i>Building improvements</i>	20-40
<i>Furniture and fixtures</i>	7-10
<i>Equipment / vehicles</i>	5-10
<i>Utility systems</i>	40
<i>Paving/streets</i>	10-20

Capital asset activity for the current year ended June 30, 2019 was as follows:

Governmental Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
<i>Land</i>	\$ 1,035,039	\$ -	\$ -	\$ 1,035,039
<i>Construction in progress</i>	-	38,558	-	38,558
Total not depreciated	\$ 1,035,305	\$ 38,558	\$ -	\$ 1,073,597
Capital assets, depreciated				
<i>Buildings</i>	\$ 8,909,624	\$ 46,288	\$ -	\$ 8,955,912
<i>Improvements</i>	13,289,292	689,825	-	13,979,117
<i>Equipment</i>	2,414,742	77,731	-	2,492,473
<i>Vehicles</i>	9,094,300	534,029	-	9,628,329
Total depreciated	\$ 33,707,958	\$ 1,347,873	\$ -	\$ 35,055,831
Less accumulated depreciation for:				
	Beginning	Increases	Decreases	Ending
<i>Buildings</i>	\$ 4,259,722	\$ 227,995	\$ -	\$ 4,487,717
<i>Improvements</i>	6,911,314	857,360	-	7,768,674
<i>Equipment</i>	1,330,138	190,368	-	1,520,506
<i>Vehicles</i>	6,023,034	591,262	-	6,614,296
Total depreciation	\$ 18,524,208	\$ 1,866,985	\$ -	\$ 20,391,193
Total depreciable assets, net	\$ 15,183,750	\$ (519,112)	-	\$ 14,664,638
Total governmental activities capital assets, net	\$ 16,218,789	\$ (480,555)	\$ -	\$ 15,738,234

Business-Type Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,271,576	\$ -	\$ -	\$ 1,271,576
Construction in progress	764,648	3,444,794	146,171	4,063,271
Total not depreciated	\$ 2,036,224	\$ 3,444,794	\$ 146,171	\$ 5,334,847
Capital assets, depreciated				
Buildings	\$ 17,880,728	\$ 36,950	\$ -	\$ 17,917,678
Improvements	69,729,549	480,029	-	70,209,578
Equipment	7,005,948	33,039	-	7,038,987
Vehicles	3,389,345	80,769	-	3,470,114
Total depreciated	\$ 98,005,570	\$ 630,787	\$ -	\$ 98,636,357
Less accumulated depreciation for:	Beginning	Increases	Decreases	Ending
Buildings	\$ 1,020,763	\$ 438,603	\$ -	\$ 1,459,366
Improvements	33,212,023	1,515,791	-	34,727,814
Equipment	5,647,238	230,275	-	5,877,513
Vehicles	2,743,109	167,612	-	2,910,721
Total depreciation	\$ 42,623,133	\$ 2,352,281	\$ -	\$ 44,975,415
Total depreciable assets, net	\$ 55,382,437	\$ (1,721,494)	\$ -	\$ 53,660,942
Total business-type activities capital assets, net	\$ 57,418,661	\$ 1,723,300	\$ 146,171	\$ 58,995,789

Depreciation expense of the primary government as follows:

Governmental activities	
General government	\$ 722,861
Public safety	181,029
Public works	777,106
Culture & recreation	185,989
Total depreciation expense – governmental activities	\$ 1,866,985
Business-type activities	
Electric	\$ 392,015
Water	1,097,273
Sewer	298,761
Administration	564,232
Total depreciation expense – business-type activities	\$ 2,352,281

7. Property taxes

Property taxes, the primary source of revenue for the general fund, are collected for the City by the Oconee County tax collector. The County retains any penalties collected as compensation for this service. The property tax calendar is as follows:

Levy	On September 30th on all real and personal property (except vehicles) based on the assessment of the preceding December 31 st
Tax due	On or before January 15 th
Penalty	3% after January 15th 7% additional after February 1 st
Delinquent	Liens are filed upon execution after March 16th with an additional 5% penalty, plus \$ 2.
Property sales	On delinquent property held in year after year of levy
Motor vehicles	Monthly, assessed and collected in advance of the vehicle registration with the motor vehicle department

Taxes receivable in the general fund at June 30, 2019 represent uncollected tax levies less allowance for doubtful accounts as follows:

	<u>Receivable</u>	<u>Allowance</u>
General fund	\$ 89,768	\$ 2,693

8. Receivables

Enterprise fund receivables consist of utility charges to customers. Unbilled services provided by the City's enterprise fund since the last billing period have been recorded as receivables at year end. Receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivable	<u>General</u>	<u>Business Activity</u>	<u>Nonmajor</u>	<u>Total</u>
Taxes	\$ 89,768	\$ -	\$ -	\$ 89,768
Accounts	144,868	3,943,794	188,892	4,277,554
Intergovernmental	85,871	2,018,225	-	2,104,096
Other	-	243,216	41,937	285,153
Gross receivables	<u>\$ 320,507</u>	<u>\$ 6,205,235</u>	<u>\$ 230,829</u>	<u>\$ 6,756,571</u>
Less allowance	<u>2,693</u>	<u>-</u>	<u>-</u>	<u>2,693</u>
Net receivables	<u>\$ 317,814</u>	<u>\$ 6,205,235</u>	<u>\$ 230,829</u>	<u>\$ 6,753,878</u>

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the unamortized bond/loan costs in the proprietary funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Interfund transactions

During the course of normal operations, the City has numerous transactions between funds. The primary purpose of such transactions is to transfer funds for the purpose of capital items and to record the capital items purchased. Transfers among governmental fund types are presented as transfers under the caption "Other Financing Sources (Uses)" or, as residual equity transfers in the fund financial statements.

Transfers to or from the enterprise funds are recorded as operating transfers or as increases or decreases, respectively, in net position to better reflect the substance of such transfers.

Quasi-external non-exchange type transactions reflecting the revenues and the expenditures (expenses) of interfund transactions such as payments in-lieu of taxes for enterprise fund assets, utilities provided from enterprise funds to City buildings, franchise fees on enterprise fund gross revenues, overhead allocation of general fund personnel, and the like, are included in these financial statements as interfund transfers.

Interfund transfers for the year, in the aggregate, were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>	<u>Transfers - net</u>
General fund	\$ 4,739,772	\$ 222,791	\$ 4,516,981
Light & water fund	-	5,801,964	(5,801,964)
Seneca improvements corp	1,286,949	-	1,286,949
Nonmajor governmental funds	222,791	224,757	(1,966)
Total transfers	\$ 6,249,512	\$ 6,249,512	\$ -

As of June 30, 2019, interfund receivables and payables that resulted from interfund transactions were as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ -	\$ 1,340,000
Light & water fund	678,255	-
Seneca facilities corp fund	1,340,000	370,519
Seneca improvements corp	-	5,000
Nonmajor governmental funds	-	302,706
Totals	\$ 2,018,255	\$ 2,018,225

11. Long-term obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Revenue Bonds

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds (gross) outstanding at June 30, 2019 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2012 Combined Utility System	2.28%	5,040,000	790,000
2013 Combined Utility System	2.73%	4,670,000	415,000
Total		\$ 9,710,000	\$ 1,205,000

Advance Refunding

On March 29, 2012, the City issued \$8,350,000 of Combined Utility System Refunding Revenue Bonds, Series 2012, to provide resources to purchase U.S Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$7,475,000 of the Series 2004 Combined Utility System Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the proprietary fund statement of net position. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$988,992. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an economic gain of \$482,967 and a reduction of \$581,775 in future debt service payments.

The following table provides the Series 2012 bond debt service for future periods.

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
08/01/19	790,000	2.28	57,456	847,456	904,912
02/01/20			48,450	48,450	
08/01/20	810,000	2.28	48,450	858,450	906,900
02/01/21			39,216	39,216	
08/01/21	830,000	2.28	39,216	869,216	908,432
02/01/22			29,754	29,754	
08/01/22	850,000	2.28	29,754	879,754	909,508
02/01/23			20,064	20,064	
08/01/23	870,000	2.28	20,064	890,064	910,128
02/01/24			10,146	10,146	
08/01/24	890,000	2.28	10,146	900,146	910,292
Totals	<u>\$ 5,040,000</u>		<u>\$ 352,716</u>	<u>\$ 5,392,716</u>	

The following table provides the Series 2013 bond debt service for future periods.

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
08/01/19	415,000	2.73	63,745	478,745	542,490
02/01/20			58,081	58,081	
08/01/20	425,000	2.73	58,081	483,081	541,162
02/01/21			52,280	52,280	
08/01/21	435,000	2.73	52,280	487,280	539,560
02/01/22			46,342	46,342	
08/01/22	445,000	2.73	46,342	491,342	537,684
02/01/23			40,267	40,267	
08/01/23	460,000	2.73	40,267	500,267	540,534
02/01/24			33,989	33,989	
08/01/24	470,000	2.73	33,989	503,989	537,978
02/01/25			27,573	27,573	
08/01/25	485,000	2.73	27,573	512,573	540,146
02/01/26			20,953	20,953	
08/01/26	500,000	2.73	20,953	520,953	541,906
02/01/27			14,128	14,128	
08/01/27	510,000	2.73	14,128	524,128	538,256
02/01/28			7,166	7,166	
08/01/28	525,000	2.73	7,166	532,166	539,332
Totals	<u>\$ 4,670,000</u>		<u>\$ 665,303</u>	<u>\$ 5,335,303</u>	

Loan agreements – Seneca Facilities Corporation

On August 30, 2012, Seneca Facilities Corporation, a blended component unit of the City of Seneca, entered into a loan agreement with TD Community Development Corporation (TDCDC) in the amount of \$5,220,000 for the purchase of and construction and improvements to the property at 320 Shiloh Road. The loan consists of two promissory notes as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
Note A	3.95%	08/30/2022	\$ 4,020,000
Note B – New Market Tax Credit Equity Loan	2.25%	08/31/2052	1,200,000
Total			<u>\$ 5,220,000</u>

Following are the payment terms for each note.

Note A - Beginning October 1, 2012, monthly interest only payments are due until August 1, 2019. On September 1, 2019, a one-time principal reduction payment is due in the amount of \$1,876,000. Beginning September 1, 2019, monthly principal and interest payments are due until August 1, 2022, at which time a balloon payment is due in the amount of \$1,500,800.

Note B – Beginning October 1, 2012, monthly interest only payments are due until August 1, 2019, after which interest shall continue to accrue on the outstanding principal balance, but no payments of principal or interest are due until the maturity date. The note is subject to a put/call agreement whereby TDCDC may elect within the put option period to require Seneca Facilities Corporation, or its designee, to purchase the B note for an amount equal to 1% of the principal amount of the note. Upon expiration of the put option period, Seneca Facilities Corporation has the right to require TDCDC to sell the B note to Seneca Facilities Corporation, or its designee, at the fair market value of the note, or the call price.

The following table provides the Note A debt service for future periods.

<u>Fiscal yr ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
2020	2,054,667	95,510	2,150,177	293,448
2021	214,400	74,790	289,190	284,862
2022	214,400	66,204	280,604	1,690,819
2023	1,536,533	15,332	1,551,865	-
Totals	<u>\$ 4,020,000</u>	<u>\$ 251,836</u>	<u>\$ 4,271,836</u>	

The following table provides the Note B debt service for future periods.

<u>Fiscal yr ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
2020	1,200,000	6,900	1,206,900	-
Totals	<u>\$ 1,200,000</u>	<u>\$ 6,900</u>	<u>\$ 1,206,900</u>	

2007 State Revolving Fund Loan

The City authorized the issuance of a utility system revenue bond from the South Carolina Drinking Water Revolving Loan Fund (SRF) for the construction of a 1,000,000 gallon storage tank and associated line work and appurtenances. The promissory note is for \$1,993,633 and bears interest at 3.5% annum for the first twelve payments, then 2.25% thereafter. Payments began February 1, 2009 and continue for 20 years. Quarterly principal and interest payments in the amount of \$31,495.56 are due February 1st, May 1st, August 1st and November 1st.

The following table provides the SRF loan debt service for future periods.

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
2020	102,660	23,322	125,982	125,982
2021	104,989	20,993	125,982	125,982
2022	107,372	18,610	125,982	125,982
2023	109,808	16,174	125,982	125,982
2024	112,299	13,683	125,982	125,982
2025	114,848	11,134	125,982	125,982
2026	117,454	8,528	125,982	125,982
2027	120,119	5,863	125,982	125,982
2028	122,844	3,138	125,982	125,982
2029	62,466	529	62,995	-
Totals	<u>\$ 1,074,859</u>	<u>\$ 121,974</u>	<u>\$ 1,196,833</u>	

Capital leases

The City has several lease agreements which qualify as capital leases for accounting purposes. Following are the assets leased under capital leases:

Equipment

Governmental activities:

Fire truck	\$	477,924
Mini excavator		60,300
Pickup truck		28,779
Wheel loader		93,800
Hook truck		120,005
Garbage truck		252,520
		<u>252,520</u>
	\$	<u>1,033,328</u>

<i>Business-type activities:</i>	
Backhoes/excavator	\$ 474,268
Sewer truck	72,165
Pressure washer	58,300
Flat bed truck	42,905
Dump truck	109,240
Bucket truck	131,135
Excavator	68,475
Track loader	51,503
	<hr/>
	\$ 1,007,991

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2019.

<u>Fiscal year ending</u>	<u>Lease payments</u>
06/30/2020	439,872
06/30/2021	336,631
06/30/2022	336,631
06/30/2023	107,534
06/30/2024	107,534
	<hr/>
Total minimum lease payments	\$ 1,328,202
Less interest portion	(24,664)
	<hr/>
Present value of future minimum lease payments	\$ 1,303,538

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<i>Governmental activities:</i>					
Capital leases	\$ 445,851	\$ 477,924	\$ (104,923)	\$ 818,852	\$ 207,028
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Business-type activities:</i>					
Revenue bonds payable	\$ 10,885,000	\$ -	\$ (1,175,000)	\$ 9,710,000	\$ 1,205,000
Deferred amount on refunding	(491,178)	-	79,650	(411,528)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total bonds payable	\$ 10,393,822	\$ -	\$ (1,095,350)	\$ 9,298,472	\$ 1,205,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NMTC loans	\$ 5,220,000	\$ -	\$ -	\$ 5,220,000	\$ 2,054,670
SRF loan	11,332,143	-	(614,550)	10,717,592	625,221
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total loans	\$ 16,552,143	\$ -	\$ (614,550)	\$ 15,937,592	\$ 2,679,891
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Capital lease	\$ 641,447	\$ -	\$ (212,112)	\$ 429,334	\$ 209,447
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Business-type activity long-term liabilities</i>	\$ 27,587,412	\$ -	\$ (1,922,012)	\$ 25,665,398	\$ 4,094,338

2014 State Revolving Fund Loan

On March 10, 2014 the City entered into a loan agreement with the South Carolina Water Quality Revolving Fund Authority in the amount of \$11,528,750 for water system improvements and meter replacements. The loan bears interest at 1.64% per annum over 20 years. Payments began November 1, 2015 and continue 20 years. Quarterly principal and interest payments in the amount of \$169,310 are due February 1st, May 1st, August 1st, and November 1st of each year.

Additional information regarding long-term debt may be obtained by contacting Mr. Josh Riches at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

12. Segment information

The City of Seneca maintains three enterprise funds (light and water, Seneca facilities corp funds and Seneca improvements corp funds). Segment information for the year ended June 30, 2019 is as follows:

	<u>Light & water fund</u>	<u>Seneca facilities corp fund</u>	<u>Seneca improvements corp</u>	<u>Total enterprise funds</u>
Operating revenues	\$ 29,954,472	\$ 940,423	-	\$ 30,894,895
Depreciation	2,219,129	133,152	-	2,352,281
Operating income (loss)	4,818,576	482,318	(12,158)	5,288,736
Net income	(1,273,741)	296,672	1,286,443	309,374
Contributed capital	-	-	-	-
Net position	33,332,814	1,667,177	1,619,408	36,619,399

13. Fund balance

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"), the City classifies governmental fund balances as follows:

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

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

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the 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 or committed and that such assignments are made before the report issuance date.*

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

14. Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by City Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governmental entities.

15. State Retirement Plans

The City participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and governed an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement System Funding and Administrative Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, establishing a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

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

Plan Membership

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

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

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer

employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefits 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 benefits terms for each system is presented here.

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. Required employee contribution rates¹ are as follows:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2018
Employer Rate:						
Retirement*	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	11.56%	13.56%	14.56%	14.24%	16.24%	17.24%
Employee Rate	8.66%	9.00%	9.00%	9.24%	9.75%	9.75%

The required contributions and percentages of amounts contributed by the City to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2019	\$ 956,314	100%	\$ 462,444	100%
2018	881,435	100%	423,979	100%
2017	740,543	100%	398,484	100%

Eligible Payrolls of the City covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	\$6,568,093	\$2,682,391	\$9,250,484
2018	6,500,262	2,610,710	9,110,972
2017	6,406,079	2,798,343	9,204,422

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 must be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2018, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward

from the valuation date to the plans' fiscal year, June 30, 2017, using generally accepted accounting principles.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment Rate of Return *	7.25%	7.5%
Projected Salary increases *	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefits adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
* Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA project from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males Multiplied by 92%.	2016 PRSC Females multiplied by 98%
General employees and members of the General Assembly	2016 PRSC Males Multiplied by 100%.	2016 PRSC Females multiplied by 111%
Public safety and Firefighters	2016 PRSC Males Multiplied by 125%.	2016 PRSC Females multiplied by 111%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%
PORS	\$ 7,403,972,673	\$ 4,570,430,247	\$ 2,833,542,426	61.7%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net position liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose

of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds(non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.09%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration(Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.28%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the funding 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, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the sensitivity of City's proportionate share of the net pension liability of the Plans changes in the discount rate, calculated using the discount rate of 7.25%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability of the SCRS	\$ 17,935,561	\$ 14,036,125	\$ 11,248,402
City's proportionate share of the net pension liability of the PORS	\$ 7,205,023	\$ 5,344,477	\$ 3,820,534

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

At June 30, 2019, the City reported a liability of \$19,380,602 for its proportionate share of the net pension liabilities for the SCRS plan \$14,036,125 and PORS plan \$5,344,477. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities for the plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2018, the City's SCRS proportion was 0.062642 percent, which was a decrease of .001218 percent from its proportion measured as of June 30, 2017. At June 30, 2018, the City's PORS proportion was 0.188615 percent, which was an decrease of .019185 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense on its government-wide financial statements of \$1,821,505, consisting of \$1,160,100 for SCRS and \$661,405 for the PORS. At June 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 25,337	\$ 82,599
Changes in Assumptions	556,875	-
Net Difference between projected and actual earnings on pension plan investments	222,965	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	327,108	148,277
City's contributions subsequent to the measurement date	956,314	-
Total SCRS	2,088,599	230,876
PORS		
Differences between expected and actual experience	164,672	-
Changes in Assumptions	352,387	-
Net Difference between projected and actual earnings on pension plan investments	106,877	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	34,596	456,033
City's contributions subsequent to the measurement date	462,444	-
Total PORS	1,120,976	456,033
Total SCRS and PORS	\$ 3,209,575	\$ 686,909

The \$956,314 and \$462,444 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2020	\$ 672,285	\$ 205,686	\$ 877,971
2021	445,347	103,199	548,546
2022	(189,589)	(77,053)	(266,642)
2023	(26,633)	(29,334)	(55,967)
Total	\$ 901,410	\$ 202,498	\$ 1,103,908

Plans' Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

16. Restricted assets

The City recognizes unspent proceeds of enterprise fund revenue bonds, resources set aside for debt amortization and construction projects, and resources set aside from peak generation savings as restricted assets.

The bond principal and interest accounts are escrow accounts for current maturities of bond principal and interest. The peak generation savings account represents funds set aside for future capital expansion and for defeasance of bond debt. Account balances at June 30, 2019 are as follows:

<i>Debt service</i>	\$	1,354,795
<i>Peak general savings fund</i>		<u>1,116,296</u>
<i>Total restricted assets</i>	\$	<u><u>2,471,091</u></u>

17. Excess of expenditures over appropriations

The amounts of any excess of governmental expenditures over appropriations at the legal level of control are as follows: Does not include capital outlay.

<u>General fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
<i>General government</i>	\$ 2,101,826	\$ 1,850,242	\$ 251,584
<i>Culture & recreation</i>	1,534,516	1,322,486	212,030
<i>Museums</i>	231,278	307,916	(76,638)
<i>Public works</i>	1,845,491	1,629,372	216,119
<i>Public safety</i>	5,601,930	5,382,358	219,572

18. Public transit

Clemson Area Transit Service

The City began operations of a City-wide public transit service affiliated with the City of Clemson and the Clemson Area Transit (CAT) in 2007. The Clemson Area Transit provides bus service to citizens without charge. Funding for the operations

Transit provides bus service to citizens without charge. Funding for the operations of the transit system was through a grant agreement with the South Carolina Department of Transportation (SCDOT).

In accordance with the grant agreement, funding consisted of the following for fiscal year ending June 30, 2019:

Funding

<i>Federal (FTA)</i>	\$	463,907
<i>State (SCDOT)</i>		171,900
<i>Local match</i>		<u>222,789</u>
<i>Total funding</i>	\$	<u><u>858,596</u></u>

19. Lease agreement – Seneca Facilities Corporation

Lease terms

On August 30, 2012 the City entered into a lease agreement with Seneca Facilities Corporation for the lease of the property at 320 Shiloh Road through September 1, 2027. Annual lease payments in the amount of \$500,000 are due August 30th of each year. An additional one-time lease payment in the amount of \$1,876,000 is due on August 30, 2019. If at any time following the date of the lease agreement a portion of the property is leased directly by Seneca Facilities Corporation to a tenant, the amount of the annual lease payment due by the City will be reduced by the amount of the annual rent actually paid to Seneca Facilities Corporation by the tenant. During fiscal year ending June 30, 2019, the City made lease payments to Seneca Facilities Corporation in the amount of \$ 120,000.

Escrow payments

The City is required to make an annual escrow payment in the amount of \$268,000 on August 30, 2013 through 2019. The escrow payments will be applied toward the additional lease payment due on August 30, 2019 in the amount of \$1,876,000.

Facilities management agreement

In accordance with the lease agreement, the City entered into a facilities management agreement with Seneca Facilities Corporation for the management of the property at 320 Shiloh Road. Seneca Facilities Corporation is required to pay a management fee in the amount of \$50,000 to the City on June 30th of each of the years 2013 to and including 2022.

20. Construction commitments

The City has construction commitments totaling \$3,539,000 at June 30, 2019. Costs of \$1,198,436 had been incurred on these contracts as of June 30, 2019.

21. Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is insured for these risks of loss by commercial insurance.

22. Self-insured health insurance

On July 1, 2010, the City established a self insured comprehensive group health care plan for its employees. A third party administrator has been retained to process and pay health claims incurred by employees and/or their dependents, if they are enrolled in the plan. The plan establishes a “Stop Loss” of \$ 50,000 per person per contract year. Claims that exceed the \$ 50,000 “Stop Loss” threshold are covered under an excess loss insurance policy. At year-end, claims due and payable equal approximately \$ 299,922 based upon claims filed and premiums due. This amount is recorded as a liability and expense within the General Fund and Light & Water Fund. The following indicates claims versus premiums for the past three fiscal years:

<u>Fiscal year ending June 30,</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2019	\$ 286,740	\$ 1,531,311	\$ 1,518,128	\$ 299,922
2018	181,079	1,050,101	944,440	286,740
2017	133,596	956,139	908,655	181,079

23. Subsequent Events

Installment Purchase Revenue Bond/New Market Tax Credit Refinance

Seneca Facilities Corporation will use the funds from the revenue bonds in the amount of \$5,000,000 for the refinancing of the new market tax credit program, a new public works building, repairs at the Seneca Industrial Facility, and the remaining would be fees for the financing package.

2019 Equipment Lease-Purchase Agreement

The City plans to enter into an equipment lease-purchase agreement with a bank not yet determined in the amount not to exceed \$1,700,000 to purchase three bucket trucks, a sewer cleaning vacuum truck, a garbage truck, a sewer truck, a water

truck, a B&P truck, a REC truck, a sewer truck with hoist, a public works truck, and an administration fleet Tahoe.

Seneca Improvement Corpoartion Pilot Partnership with Vangeli's

In August 2018 Seneca Improvement Corporation partnered with Vangeli's for the renovation of Vangeli's in Downtown Seneca. Oconee Federal Bank issued Seneca Improvement Corporation a \$900,000 line of credit to fund the project. When the renovations are complete the building will be owned by Seneca Improvement Corporation and the Corporation would in turn lease it back to Vangeli's over a term agreed upon at a later date, but it would be a short-term lease. The building will remain in the name of Seneca Improvement Corporation until the terms of the lease are met when it will be deeded back to the owners of Vangeli's. The approximate cost for the project is \$900,000. The project was in process at June 30, 2019, but most of the renovations with incur in the 2020 fiscal year.

THIS PAGE INTENTIONALLY LEFT BLANK

***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2019

	Community Development	Hospitality Tax	Accommodations Tax	"C" Funds	CAT Operating PT-9N711-42	CAT Operating PT-8N711-47	TIGGER Grant PT-3N709-G2	IT Needs Assessment PT-9N7SP-01	Capital Earmark PT-9N739-01	Total
Assets										
Cash	\$ 5,522	\$ 483,779	\$ (22,043)	\$ -	\$ 119,420	\$ (1,160)	\$ -	\$ (9,117)	\$ (232)	\$ 576,169
Receivables										
Notes / Accounts Interest	41,929	471	31,490	-	146,422	1,160	-	9,117	232	230,821
Total assets	\$ 47,459	\$ 484,250	\$ 9,447	\$ -	\$ 265,842	\$ -	\$ -	\$ -	\$ -	\$ 806,998
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ -	\$ 4,299	\$ 9,447	\$ -	\$ 242,092	\$ -	\$ -	\$ -	\$ -	\$ 255,838
Due to other funds	-	302,707	-	-	-	-	-	-	-	302,707
Total liabilities	\$ -	\$ 307,006	\$ 9,447	\$ -	\$ 242,092	\$ -	\$ -	\$ -	\$ -	\$ 558,545
Fund balances	47,459	177,244	-	-	23,750	-	-	-	-	248,453
Total liabilities and fund balances	\$ 47,459	\$ 484,250	\$ 9,447	\$ -	\$ 265,842	\$ -	\$ -	\$ -	\$ -	\$ 806,998

See Notes to Financial Statements

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Fiscal Year Ended June 30, 2019

	Community Development	Hospitality Tax	Accommodations Tax	"C" Funds	CAT Operating PT-9N711-42	CAT Operating PT-9N711-47	TIGGER Grant PT-3N709-G2	IT Needs Assessment PT-9N7SP-01	Capital Earmark PT-9N739-01	Total
Revenues										
Taxes	\$ -	\$ 657,839	\$ 116,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774,326
Federal aid	-	-	-	-	452,663	1,031	-	9,981	232	463,907
State aid	-	-	-	689,825	160,009	129	-	11,762	-	861,725
County aid	-	-	-	-	60,000	-	-	-	-	60,000
Investment earnings	1	-	-	-	-	-	-	-	-	1
Other revenue	-	1,200	-	-	2,558	-	-	-	-	3,758
Total revenues	1	\$ 659,039	\$ 116,487	\$ 689,825	\$ 675,230	\$ 1,160	\$ -	\$ 21,743	\$ 232	\$ 2,163,717
Expenditures										
Current operating										
General government	\$ -	\$ 536,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,432
Culture and recreation	-	-	-	-	759,547	1,289	-	-	-	760,836
Project Administration	-	-	-	689,825	120,000	-	-	21,743	258	831,826
Capital outlay	-	8,474	-	-	-	-	-	-	-	8,474
Intergovernmental grants	-	-	-	-	-	-	17,091	-	-	44,537
Other	-	-	27,446	-	-	-	-	-	-	-
Total expenditures	-	\$ 544,906	\$ 27,446	\$ 689,825	\$ 879,547	\$ 1,289	\$ 17,091	\$ 21,743	\$ 258	\$ 2,182,105
Excess (deficiency) of revenues over (under) expenditures	1	\$ 114,133	\$ 89,041	\$ -	\$ (204,317)	\$ (129)	\$ (17,091)	\$ -	\$ (26)	\$ (18,388)
Other financing sources (uses)										
Transfers in (out)	\$ -	\$ (135,717)	\$ (89,041)	\$ -	\$ 205,543	\$ 129	\$ 17,091	\$ -	\$ 26	\$ (1,969)
Net change in fund balances	1	\$ (21,584)	\$ -	\$ -	\$ 1,226	\$ -	\$ -	\$ -	\$ -	\$ (20,357)
Fund balances, beginning	47,458	198,828	-	-	22,524	-	-	-	-	268,810
Fund balances, ending	\$ 47,459	\$ 177,244	\$ -	\$ -	\$ 23,750	\$ -	\$ -	\$ -	\$ -	\$ 248,453

See Notes to Financial Statements

City of Seneca
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2019

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
Revenues			
<i>Investment earnings</i>	\$ -	\$ 1	\$ 1
Expenditures			
<i>Other</i>	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 1	\$ 1
Fund balance, beginning	47,458	47,458	-
Fund balance, ending	\$ 47,458	\$ 47,459	\$ 1

See Notes to Financial Statements

City of Seneca
 Hospitality Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues			
Hospitality Tax	\$ 590,000	\$ 588,179	\$ (1,821)
Local ATAX	80,000	69,660	(10,340)
Other revenue	-	1,200	1,200
Total revenues	<u>\$ 670,000</u>	<u>\$ 659,039</u>	<u>\$ (10,961)</u>
Expenditures			
Current operating			
Culture and recreation	\$ 518,900	\$ 536,432	\$ (17,532)
Capital outlay	-	-	-
Intergovernmental grants	20,000	8,474	11,526
Total expenditures	<u>\$ 538,900</u>	<u>\$ 544,906</u>	<u>\$ (6,006)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 131,100</u>	<u>\$ 114,133</u>	<u>\$ (16,967)</u>
Other financing sources (uses)			
Transfers out	<u>(192,560)</u>	<u>(135,717)</u>	<u>56,843</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ (61,460)</u>	<u>\$ (21,584)</u>	<u>\$ 39,876</u>
Fund balance, beginning	<u>198,828</u>	<u>198,828</u>	<u>-</u>
Fund balance, ending	<u>\$ 137,368</u>	<u>\$ 177,244</u>	<u>\$ 39,876</u>

See Notes to Financial Statements

City of Seneca
Accommodations Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues			
Taxes	\$ 100,000	\$ 116,487	\$ 16,487
Expenditures			
Other	\$ 22,500	\$ 27,446	\$ (4,946)
Excess (deficiency) of revenues over (under) expenditures	\$ 77,500	\$ 89,041	\$ 11,541
Other financing sources (uses)			
Transfers out	(77,500)	(89,041)	(11,541)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

City of Seneca
"C" Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
State aid	\$ 702,000	\$ 689,825	\$ (12,175)
Expenditures			
Public works / paving	\$ 702,000	\$ 689,825	\$ 12,175
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -
Other financing sources (uses)			
Transfers out	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

City of Seneca
 CAT Operating Grant...PT-9N711-42
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal aid	\$ 466,626	\$ 452,663	\$ (13,963)
State aid	146,822	160,009	13,187
County aid	60,000	60,000	
Other	-	2,558	2,558
Total revenues	<u>\$ 673,448</u>	<u>\$ 675,230</u>	<u>\$ 1,782</u>
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ 510,048	\$ 590,203	\$ (80,155)
State	73,173	84,672	(11,499)
Local	117,049	84,672	32,377
Capital outlay			
Local	60,000	120,000	(60,000)
Total expenditures	<u>\$ 760,270</u>	<u>\$ 879,547</u>	<u>\$ (119,277)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (86,822)</u>	<u>\$ (204,317)</u>	<u>\$ 117,495</u>
Other financing sources			
Transfers in / out	<u>\$ 86,822</u>	<u>\$ 205,543</u>	<u>\$ (118,721)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,226</u>	<u>\$ (1,226)</u>
Fund balance, beginning	<u>-</u>	<u>22,524</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 23,750</u>	<u>\$ (1,226)</u>

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2019

OPT Contract #	PT-9N711-42				
Contract period:	July 1, 2018 - June 30, 2019				
	Budget	Section 5311	SMTF	Local	Variance
Performance Period	July 2018 - June 2019				
ADMINISTRATION					
Other Salaries & Wages	48,384	39,505	4,938	4,938	(998)
Fringe Benefits	7,717	10,959	1,370	1,370	(5,982)
Professional & Technical Service	155,081	120,452	15,056	15,056	4,516
Materials and Supplies	1,500	1,351	169	169	(189)
Total Administration	<u>212,682</u>	<u>172,267</u>	<u>21,533</u>	<u>21,533</u>	<u>(2,652)</u>
OPERATIONS					
Professional & Technical Service	441,463	328,740	41,092	41,092	30,538
Custodial Service	22,500	11,174	5,587	5,587	152
Other Services - Cintas	-	-	-	-	-
Utilities	33,000	17,883	8,941	8,941	(2,766)
Total Operations	<u>496,963</u>	<u>357,796</u>	<u>55,621</u>	<u>55,621</u>	<u>27,925</u>
CAPITAL					
Spare Parts Maintenance items	-	-	-	-	-
Lease	-	-	-	120,000	(120,000)
Preventive Maintenance	60,000	52,698	6,587	6,587	(5,873)
Miscellaneous Equipment	-	7,441	930	930	(9,301)
Shop Equipment	-	-	-	-	-
Total Capital	<u>60,000</u>	<u>60,139</u>	<u>7,517</u>	<u>127,517</u>	<u>(135,174)</u>
 Total Program	 769,645	 590,203	 84,672	 204,672	 (109,901)
 Approved Budget	 769,645				
Federal Costs	590,203				
State Costs	84,672				
Local Costs	<u>204,672</u>				
Budget Balance	<u>(109,901)</u>				

Note: This schedule is prepared on the approved budget of the OPT Contract.

City of Seneca
 CAT Operating Grant...PT-8N711-47
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
Revenues			
Federal aid	\$ -	\$ 1,031	\$ 1,031
State aid	-	129	129
County aid	-	-	-
Other	-	-	-
Total revenues	\$ -	\$ 1,160	\$ 1,160
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ -	\$ 1,031	\$ (1,031)
State	-	129	(129)
Local	-	129	(129)
Capital outlay			
Local	-	-	-
Total expenditures	\$ -	\$ 1,289	\$ (1,289)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (129)	\$ 129
Other financing sources			
Transfers in / out	\$ -	\$ 129	\$ (129)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2018

OPT Contract # Contract period:		PT-8N711-47						
		July 1, 2018 - June 30, 2019						
Actual Cost: Performance Period:	Section 5311		SMTF		Local		Total Program Variance	
	Current Jul 18 - Jun 19	Prior Period Jul 17 - Jun 18	Current Jul 18 - Jun 19	Prior Period Jul 17 - Jun 18	Current Jul 18 - Jun 19	Prior Period Jul 17 - Jun 18		
ADMINISTRATION								
Other Salaries & Wages	71,384	-	40,992	-	5,124	-	5,124	20,144
Fringe Benefits	22,491	-	13,418	-	1,677	-	1,677	5,719
Professional & Technical Service	182,376	-	120,451	-	15,056	-	15,056	31,812
Materials and Supplies	1,500	-	90	-	11	-	11	1,387
Total Administration	277,751	-	174,951	-	21,869	-	21,869	59,062
OPERATIONS								
Professional & Technical Service	601,756	-	200,457	-	102,047	-	110,467	188,785
Custodial Service	5,000	-	11,469	-	5,735	-	5,735	(17,938)
Other Services - Cintas	-	-	-	-	-	-	-	-
Utilities	8,826	-	19,399	-	9,700	-	9,700	(29,972)
Total Operations	615,582	-	231,325	-	117,481	-	125,901	140,875
CAPITAL								
Spare Parts Maintenance items	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	120,000	(120,000)
Preventive Maintenance	60,000	-	43,671	-	5,459	-	5,459	5,411
Miscellaneous Equipment	20,000	1,031	13,195	129	1,649	129	1,649	3,506
Shop Equipment	-	-	-	-	-	-	-	-
Total Capital	80,000	1,031	56,866	129	7,108	129	127,108	(111,083)
Total Program	973,333	1,031	463,143	129	146,458	129	274,878	88,854
Approved Budget	973,333							
Federal Costs	464,174							
State Costs	146,587							
Local Costs	275,007							
Budget Balance	88,854							

Note: This schedule is prepared on the approved budget of the OPT Contract.

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
TIGGER Grant....PT-3N709-G2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	Current Year	Prior Periods	Total to Date	Project Authorization	Budget Balance
Revenues					
Federal aid	\$ -	\$ 4,118,000	\$ 4,118,000	\$ 4,118,000	\$ -
Expenditures					
Capital outlay	-	\$ 5,240,997	\$ 5,240,997	\$ 5,118,000	\$ (122,997)
Other	17,091	10,048	27,139	-	(27,139)
Total expenditures	\$ 17,091	\$ 5,251,045	\$ 5,268,136	\$ 5,118,000	\$ (150,136)
Excess (deficiency) of revenues over (under) expenditures	\$ (17,091)	\$ (1,133,045)	\$ (1,150,136)	\$ (1,000,000)	\$ (150,136)
Other financing sources					
Transfers in	17,091	1,133,045	1,150,136	1,000,000	150,136
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

Note:

1. The project is budgeted on a project duration basis and is treated as a legal nonappropriated budget.

See Notes to Financial Statements

City of Seneca
IT Needs Assessment Grant....PT-9N7SP-01
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal aid	\$ 9,981	\$ 9,981	-
State aid	13,565	11,762	(1,803)
Total revenues	<u>\$ 23,546</u>	<u>\$ 21,743</u>	<u>\$ (1,803)</u>
Expenditures			
Capital outlay	\$ 23,546	\$ 21,743	\$ (1,803)
Total expenditures	<u>\$ 23,546</u>	<u>\$ 21,743</u>	<u>\$ 1,803</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
Other financing sources			
Transfers in / out	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2019

OPT Contract #	PT-9N7SP-01				
Contract period:	July 1, 2018 - June 30, 2019				
Performance Period	Budget	Section 5339	SMTF	Local	Variance
	July 2018 - June 2019				
ADMINISTRATION					
Other Salaries & Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Professional & Technical Service	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Total Administration	-	-	-	-	-
OPERATIONS					
Professional & Technical Service	-	-	-	-	-
Custodial Service	-	-	-	-	-
Other Services - Cintas	-	-	-	-	-
Utilities	-	-	-	-	-
Total Operations	-	-	-	-	-
CAPITAL					
Spare Parts Maintenance items	-	-	-	-	-
Lease	-	-	-	-	-
Preventive Maintenance	-	-	-	-	-
IT Needs Assessment	23,546	9,981	11,762	-	1,803
Shop Equipment	-	-	-	-	-
Total Capital	23,546	9,981	11,762	-	1,803
Total Program	23,546	9,981	11,762	-	1,803
Approved Budget	23,546				
Federal Costs	9,981				
State Costs	11,762				
Local Costs	-				
Budget Balance	1,803				

Note: This schedule is prepared on the approved budget of the OPT Contract.

City of Seneca
Capital Earmark Grant....PT-9N739-01
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	<u>Current Year</u>	<u>Project Authorization</u>	<u>Budget Balance</u>
Revenues			
Federal aid	\$ 232	\$ 1,450,000	\$ 1,449,768
Expenditures			
Capital outlay	\$ 258	\$ 1,450,000	\$ 1,449,742
Total expenditures	\$ 258	\$ 1,450,000	\$ 1,449,742
Excess (deficiency) of revenues over (under) expenditures	\$ (26)	\$ -	\$ (26)
Other financing sources			
Transfers in	26	500,000	(499,974)
Net change in fund balance	\$ -	\$ 500,000	\$ (500,000)
Fund balance, beginning	-		
Fund balance, ending	\$ -		

Note:

1. The project is budgeted on a project duration basis and is treated as a legal nonappropriated budget.

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2019

OPT Contract #	PT-9N739-01				
Contract period:	July 1, 2018 - June 30, 2019				
	Budget	Section 5339	SMTF	Local	Variance
Performance Period	July 2018 - June 2019				
ADMINISTRATION					
Other Salaries & Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Professional & Technical Service	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Total Administration	-	-	-	-	-
OPERATIONS					
Professional & Technical Service	-	-	-	-	-
Custodial Service	-	-	-	-	-
Other Services - Cintas	-	-	-	-	-
Utilities	-	-	-	-	-
Total Operations	-	-	-	-	-
CAPITAL					
Spare Parts Maintenance items	75,000	-	-	-	75,000
Lease	-	-	-	-	-
ADA New Buses	1,600,000	-	-	-	1,600,000
Technical Assistance/Contractual	95,000	232	-	26	94,742
Shop Equipment	180,000	-	-	-	180,000
Total Capital	1,950,000	232	-	26	1,949,742
Total Program	1,950,000	232	-	26	1,949,742
Approved Budget					
Federal Costs	232				
State Costs	-				
Local Costs	26				
Budget Balance	1,949,742				

Note: This schedule is prepared on the approved budget of the OPT Contract.

City of Seneca
Light & Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
<i>Electric receipts</i>	\$ 18,869,878	\$ 18,392,360	\$ (477,518)
<i>Water receipts</i>	8,331,797	7,921,146	(410,651)
<i>Sewer receipts</i>	3,770,472	3,616,611	(153,861)
<i>Other revenues</i>	190,000	24,355	(165,645)
Total operating revenues	<u>\$ 31,162,147</u>	<u>\$ 29,954,472</u>	<u>\$ (1,207,675)</u>
Operating expenses			
<i>Light & water administration (505)</i>	\$ 1,644,772	\$ 2,451,887	\$ (807,115)
<i>I & I department (506)</i>	151,297	148,490	2,807
<i>Billing department (507)</i>	842,937	851,020	(8,083)
<i>Engineering department (508)</i>	665,071	713,658	(48,587)
<i>Electrical department (509)</i>	1,908,161	2,889,157	(980,996)
<i>Water department (510)</i>	1,834,748	1,677,878	156,870
<i>Sewer department (511)</i>	2,699,352	2,710,274	(10,922)
<i>Water plant (512)</i>	1,633,595	1,806,373	(172,778)
<i>Electrical generation/purchase (513)</i>	9,653,270	9,021,179	632,091
<i>Maintenance (514)</i>	565,089	646,851	(81,762)
<i>Depreciation</i>	1,818,303	2,219,129	(400,826)
Total operating expenses	<u>\$ 23,416,595</u>	<u>\$ 25,135,896</u>	<u>\$ (1,719,301)</u>
Operating income (loss)	<u>\$ 7,745,552</u>	<u>\$ 4,818,576</u>	<u>\$ (2,926,976)</u>
Non-operating transactions			
<i>Investment income (loss)</i>	\$ 4,600	\$ 223,012	\$ 218,412
<i>Interest expense</i>	(596,959)	(513,378)	83,581
<i>Proceeds from sale of capital assets</i>	3,000	13	(2,987)
Other financing sources (uses)			
<i>Interfund transfers in (out)</i>	<u>(4,515,015)</u>	<u>(5,801,964)</u>	<u>(1,286,949)</u>
Net income (loss)	<u>\$ 2,641,178</u>	<u>\$ (1,273,741)</u>	<u>\$ (3,914,919)</u>
Net position, beginning	<u>34,606,555</u>	<u>34,606,555</u>	<u>-</u>
Net position, ending	<u><u>\$ 37,247,733</u></u>	<u><u>\$ 33,332,814</u></u>	<u><u>\$ (3,914,919)</u></u>

See Notes to Financial Statements

City of Seneca
Seneca Facilities Corp Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Lease income	\$ 969,349	\$ 924,737	\$ (44,612)
Other income	-	15,686	15,686
	<u>969,349</u>	<u>940,423</u>	<u>(28,926)</u>
Total operating revenues	<u>\$ 969,349</u>	<u>\$ 940,423</u>	<u>\$ (28,926)</u>
Operating expenses			
Facilities operations	\$ 382,979	\$ 324,953	\$ (58,026)
Depreciation	130,000	133,152	3,152
	<u>512,979</u>	<u>458,105</u>	<u>(54,874)</u>
Total operating expenses	<u>\$ 512,979</u>	<u>\$ 458,105</u>	<u>\$ (54,874)</u>
Operating income (loss)	<u>\$ 456,370</u>	<u>\$ 482,318</u>	<u>\$ 25,948</u>
Non-operating transactions			
Investment Income	\$ (188,370)	\$ 2,724	\$ 191,094
Interest expense		(188,370)	
Other financing sources (uses)			
Interfund transfers in (out)	(268,000)	-	268,000
	<u>-</u>	<u>296,672</u>	<u>296,672</u>
Net income (loss)	<u>\$ -</u>	<u>\$ 296,672</u>	<u>\$ 296,672</u>
Net position, beginning	<u>\$ 1,370,505</u>	<u>\$ 1,370,505</u>	<u>\$ -</u>
Net position, ending	<u><u>\$ 1,370,505</u></u>	<u><u>\$ 1,667,177</u></u>	<u><u>\$ 296,672</u></u>

See Notes to Financial Statements

City of Seneca
Seneca Improvements Corp Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Other income	\$ -	\$ -	\$ -
Total operating revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating expenses			
Program expenses	\$ -	\$ 12,158	\$ 12,158
Depreciation	-	-	-
Total operating expenses	<u>\$ -</u>	<u>\$ 12,158</u>	<u>\$ 12,158</u>
Operating income (loss)	\$ -	\$ (12,158)	\$ (12,158)
Non-operating transactions			
Investment Income	\$ -	\$ 11,652	\$ 11,652
Other financing sources (uses)			
Interfund transfers in (out)	-	1,286,949	1,286,949
Net income (loss)	\$ -	\$ 1,286,443	\$ 1,286,443
Net position, beginning	<u>\$ 332,965</u>	<u>\$ 332,965</u>	<u>\$ -</u>
Net position, ending	<u><u>\$ 332,965</u></u>	<u><u>\$ 1,619,408</u></u>	<u><u>\$ 1,286,443</u></u>

See Notes to Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

City of Seneca
Capital Assets Used in the Operation
of Governmental Funds
Schedule by Type
June 30, 2019

Governmental funds capital assets

Land	\$	1,035,039
Buildings		8,955,912
Improvements		13,979,117
Equipment		2,492,473
Vehicles		9,628,329
Construction in progress		38,558
Total	\$	36,129,428
Less, accumulated depreciation		(20,391,194)
Investment in capital assets	\$	15,738,234

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function & Activity
 June 30, 2019

Function & activity	Land	Buildings	Improvements	Machinery & equipment	Vehicles	Construction in progress	Total
General government							
Municipal judge	-	-	-	103,656	-	-	\$ 103,656
Finance / administration	173,787	1,843,144	480,639	331,656	19,847	-	2,849,073
Planning & development	37,497	463,271	2,855,773	885,443	3,953,909	258	8,196,151
Total general government	<u>\$ 211,284</u>	<u>\$ 2,306,415</u>	<u>\$ 3,336,412</u>	<u>\$ 1,320,755</u>	<u>\$ 3,973,756</u>	<u>\$ 258</u>	<u>\$ 11,148,880</u>
Public safety							
Police department	20,000	649,393	672,260	200,600	891,932	-	\$ 2,434,185
Fire department	16,709	1,430,900	-	205,438	2,311,701	-	3,964,748
Total public safety	<u>\$ 36,709</u>	<u>\$ 2,080,293</u>	<u>\$ 672,260</u>	<u>\$ 406,038</u>	<u>\$ 3,203,633</u>	<u>\$ -</u>	<u>\$ 6,398,933</u>
Public works							
Street department	2,000	50,000	7,898,111	520,874	726,112	-	\$ 9,197,097
Sanitation department	1,000	232,460	-	-	1,535,622	-	1,769,082
Motor pool	2,000	-	88,192	45,000	53,070	-	188,262
Total public works	<u>\$ 5,000</u>	<u>\$ 282,460</u>	<u>\$ 7,986,303</u>	<u>\$ 565,874</u>	<u>\$ 2,314,804</u>	<u>\$ -</u>	<u>\$ 11,154,441</u>
Recreation	633,885	4,286,744	859,975	199,806	132,636	38,300	\$ 6,151,346
Other	148,161	-	1,124,167	-	3,500	-	\$ 1,275,828
Total governmental funds capital assets	<u>\$ 1,035,039</u>	<u>\$ 8,955,912</u>	<u>\$ 13,979,117</u>	<u>\$ 2,492,473</u>	<u>\$ 9,628,329</u>	<u>\$ 38,558</u>	<u>\$ 36,129,428</u>
Less accumulated depreciation							<u>(20,391,194)</u>
Net governmental funds capital assets							<u><u>\$ 15,738,234</u></u>

See Notes to Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REQUIRED INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF SENECA
 UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
 For The Year Ended June 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 130,055.00	\$ 130,055.00
Court fines and assessments remitted to State Treasurer			\$ (84,235.00)	\$ (84,235.00)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 45,820.00	\$ 45,820.00
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 4,944.00	\$ 4,944.00
Assessments retained			\$ 7,378.00	\$ 7,378.00
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 12,322.00	\$ 12,322.00

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	\$ 7,378.00		\$ 7,378.00
Victim Service Surcharges Retained by City/County Treasurer	\$ 4,944.00		\$ 4,944.00
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)	\$ 12,322.00	\$ -	\$ 12,322.00
Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 12,322.00		\$ 12,322.00
Operating Expenditures			\$ -
Victim Service Contract(s):			
(1) Entity's Name			\$ -
(2) Entity's Name			\$ -
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			\$ -
(2) Rape Crisis Center:			\$ -
(3) Other local direct crime victims service agency:			\$ -
Transferred to General Fund			\$ -
Total Expenditures from Victim Service Fund/Program (B)	\$ 12,322.00	\$ -	\$ 12,322.00
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ -		\$ -
Less: Prior Year Fund Deficit Repayment			\$ -
Carryforward Funds – End of Year	\$ -	\$ -	\$ -

City of Seneca
Schedule of the City's Proportionate Share of the Net Pension Liability
South Carolina Retirement System
Last Ten Fiscal Years**

	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
<i>City's proportion of the net pension liability</i>	0.062642%	0.063860%	0.060788%	0.059549%	0.062022%
<i>City's proportion of the net pension liability</i>	\$14,036,125	\$14,291,720	\$12,984,227	\$11,293,755	\$10,678,132
<i>City's covered-employee payroll</i>	\$6,568,093	\$6,500,262	\$6,406,079	\$5,939,939	\$8,250,779
<i>District's proportionate share of the net pension liability as a percentage of its covered-employee payroll</i>	213.70%	219.86%	202.69%	190.13%	129.42%
<i>Plan fiduciary net position as a percentage of the total pension liability</i>	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to schedule:

Only the last four fiscal years are present because ten year data is not yet available.

****The amounts presented were determined as of the prior fiscal year ending June 30th.**

City of Seneca
Schedule of the City's Contributions
South Carolina Retirement System
Last Ten Fiscal Years

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
<i>Contractually required contribution</i>	\$ 956,314	\$ 881,435	\$ 740,543	\$ 656,957	\$ 602,771
<i>Contributions in relation to the contractually required contribution:</i>	<u>956,314</u>	<u>881,435</u>	<u>740,543</u>	<u>656,957</u>	<u>602,771</u>
<i>Contribution deficiency (Excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>City of Seneca covered-employee payroll</i>	\$ 6,568,093	\$ 6,500,262	\$ 6,406,079	\$ 5,939,939	\$ 8,250,779
<i>Contributions as a percentage of covered-employee payroll</i>	14.56%	13.56%	11.56%	11.06%	7.31%

Notes to Schedule:
Only the last four fiscal years are present because ten year data is not yet available.

City of Seneca
Schedule of the City's Proportionate Share of the Net Pension Liability
Police Officers' Retirement System
Last Ten Fiscal Years**

	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
<i>City's proportion of the net pension liability</i>	0.188615%	0.207800%	0.216460%	0.212240%	0.211390%
<i>City's proportion of the net pension liability</i>	\$5,692,725	\$5,692,725	\$5,490,453	\$4,625,654	\$4,046,851
<i>City's covered-employee payroll</i>	\$2,682,391	\$2,610,710	\$2,798,343	\$2,705,476	\$2,682,713
<i>City's proportionate share of the net pension liability as a percentage of its covered-employee payroll</i>	212.23%	218.05%	196.20%	170.97%	150.85%
<i>Plan fiduciary net position as a percentage of the total pension liability</i>	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:
Only the last four fiscal years are present because ten year data is not yet available.

****The amounts presented were determined as of the prior fiscal year ending June 30th.**

City of Seneca
Schedule of the City's Contributions
Police Officers' Retirement System
Last Ten Fiscal Years

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
<i>Contractually required contribution</i>	\$ 462,444	\$ 423,979	\$ 398,484	\$ 371,732	\$ 359,752
<i>Contributions in relation to the contractually required contribution:</i>	<u>462,444</u>	<u>423,979</u>	<u>398,484</u>	<u>371,732</u>	<u>359,752</u>
<i>Contribution deficiency (Excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>City of Seneca covered-employee payroll</i>	\$ 2,682,391	\$ 2,610,710	\$ 2,798,343	\$ 2,705,476	\$ 2,682,713
<i>Contributions as a percentage of covered-employee payroll</i>	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to Schedule:

Only the last four fiscal years are present because ten year data is not yet available.

THIS PAGE INTENTIONALLY LEFT BLANK



STANCIL
COOLEY ESTEP
& STAMEY, LLP

*Certified Public
Accountants*

631 ByPass 123
P. O. Drawer 1279
Seneca, SC 29679

(864) 882-3048
Fax 882-7489

602-5 College Avenue
Clemson, SC 29631

(864) 654-4945
Fax 654-9476

www.scescpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Seneca, South Carolina's basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stancil Cooley Estep & Stamey, LLP

Seneca, South Carolina
December 20, 2019

**CITY OF SENECA
SCHEDULE OF FINDINGS – FINANCIAL STATEMENT AUDIT
YEAR ENDED JUNE 30, 2019**

No prior year audit findings.

THIS PAGE INTENTIONALLY LEFT BLANK