



CITY OF SENECA

June 30, 2021

Financial Report

City of Seneca
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

Table of Contents

Independent Auditor's Report	<i>i - iii</i>
Management's Discussion and Analysis	<i>vii - xix</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>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</i>	6
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</i>	7
<i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	8
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund</i>	9 - 12
<i>Statement of Net Position - Proprietary Funds</i>	13 - 14
<i>Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds</i>	15
<i>Statement of Cash Flows - Proprietary Funds</i>	17 - 18
<i>Notes to Financial Statements</i>	21 - 55
<i>Statement of Fiduciary Net Position - Custodial Funds</i>	57
<i>Statement of Changes in Fiduciary Net Position - Custodial Funds</i>	57
Combining and Individual Fund Statements and Schedules	
<i>Nonmajor Special Revenue Funds - Combining Balance Sheet</i>	60 - 61
<i>Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i>	62 - 63

Schedule of Revenues, Expenditures, and Changes in Fund

Balances - Budget to Actual

<i>"C" Funds</i>	64
<i>Hospitality Tax Fund</i>	65
<i>Accommodations Tax Fund</i>	66
<i>CAT Operating Grant...PT-20N711-06</i>	67
<i>OPT Contract # PT-20N711-06 - Schedule of Budgeted to Actual Costs</i>	68
<i>CARES ACT...PT-20N7CA-06</i>	69
<i>OPT Contract # PT-20N7CA-06 - Schedule of Budgeted to Actual Costs</i>	70
<i>Capital Earmark Grant...PT-9N739-01</i>	71
<i>OPT Contract # PT-9N739-01 - Schedule of Budgeted to Actual Costs</i>	72

Schedules of Revenues, Expenses, and Changes in Net

Position - Budget to Actual

<i>Light and Water Fund</i>	73
<i>Seneca Facilities Corp Fund</i>	74
<i>Seneca Improvements Corp Fund</i>	75

Capital Assets Used in the Operation of Governmental Funds

<i>Schedule by Type</i>	76
<i>Schedule by Function and Activity</i>	77

Other Required Information

<i>Victim Services</i>	81
<i>Schedule of the City's Proportionate Share of the Net Pension Liability</i>	
<i>South Carolina Retirement System</i>	82
<i>Schedule of City's Contributions</i>	
<i>South Carolina Retirement System</i>	83
<i>Schedule of the City's Proportionate Share of the Net Pension Liability</i>	
<i>Police Officers' Retirement System</i>	84
<i>Schedule of the City's Contributions</i>	
<i>Police Officers' Retirement System</i>	85

Federal Financial Assistance Section

<i>Schedule of Expenditures of Federal Awards</i>	89
<i>Report on Internal Control over Financial Reporting and on</i>	
<i>Compliance and Other Matters Based on an Audit of Financial</i>	
<i>Statements Performed In Accordance with Government Auditing Standards</i>	91 - 92
<i>Report on Compliance for Each Major Program and on</i>	
<i>Internal Control over Compliance Required by the Uniform Guidance</i>	93 - 94
<i>Schedule of Findings and Questioned Costs</i>	95
<i>Schedule of Prior Year Audit Findings</i>	96



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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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.



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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, 2021, 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 - xix 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, combining and individual nonmajor fund financial statements, and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.



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Other Matters(cont.)

The combining and individual major and nonmajor fund financial statements and schedules, victim services supplementary schedule of fines and assessments, and the schedule of expenditures of federal awards 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2022, 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
March 26, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Seneca
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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, 2021. 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 \$48,873,323 (net position).
- The government's total net position decreased by \$14,858 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 \$4,271,756.
- 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. Series 2020 was issued on December 22, 2020 for the purpose of generating resources for future debt service payments of \$3,830,000 on the Series 2013 revenue bonds. During the current fiscal year the city repaid \$1,235,000, leaving an outstanding balance of \$7,202,930 at June 30, 2021. For more details see Note number eleven in the Notes to Financial Statements.
- On November 21, 2019, the Seneca Facilities Corporation issued \$5,000,000 of installment purchase revenue bonds to refinance payments on the New Market Tax Credit loans. The issuance also provides funding for improvements at the Seneca Industrial Complex, as well as future construction of the Public Works Facility.
- On November 5, 2020, the City issued and sold Series 2020A general obligation bonds for \$1,400,000. Series 2020B general obligation bonds were issued and sold for \$950,000. The City will begin repayment of these bonds on March 1, 2023.
- Following Governor Henry McMaster's initial declaration of a State of Emergency in South Carolina on March 13, 2020 due to the Covid-19 pandemic, the City of Seneca entered into a state of an emergency on March 24, 2020. While the City of Seneca continued to prepare and safeguard its Council, staff and citizens, this emergency

ordinance was subsequently extended an additional 60 days to maintain the health and safety of the people of Seneca. The city has sought for and received state reimbursement for most COVID-related expenses during fiscal year 2020 and followed this same approach in fiscal year 2021.

- On April 13, 2020, at approximately 3:00 in the morning, a tornado ripped through the City of Seneca. With estimated winds of 160 miles per hour, the tornado was categorized as an EF-3 and declared a major disaster on May 1, 2020. Due to the amount of damage created by this tragedy, the City of Seneca incurred roughly \$4 million dollars of additional costs during fiscal year 2020 and an additional \$2.6 million during fiscal year 2021. Many of these costs are eligible for federal and state reimbursement through the Federal Emergency Management Agency (FEMA) and the South Carolina Emergency Management Division (SCEMD). The city has been actively seeking reimbursement through these agencies since the tornado and anticipates being reimbursed for many tornado-related costs. Along with its citizens, the city continues to work towards recovering and rebuilding from this terrible event.

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, and recreation. The

business-type activities of the City of Seneca include Seneca Light and Water which handles electric distribution, sewer collection, water collections, processing and distribution and the Seneca Industrial Complex 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 a 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, the Seneca Facilities Corporation, and the Seneca Improvements Corporation.

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, the Seneca Facilities Corporation, and the Seneca Improvements Corporation. 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 13-18 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 57 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 21-55 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 81 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 \$48,873,323 at the close of the most recent fiscal year.

By far the largest portion of the City of Seneca's net position (113 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	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Current and Other Assets	\$ 8,197,846	\$ 4,014,152	\$ 16,082,817	\$ 21,675,458	\$ 24,280,663	\$ 25,689,610
Net Capital Assets	16,018,920	16,684,005	70,894,695	66,465,859	86,913,615	83,149,864
Total Assets	\$24,216,766	\$20,698,157	\$86,977,512	\$88,141,317	\$111,194,278	\$108,839,474
Long-term Debt Outstanding	\$ 15,841,181	\$ 11,743,513	\$ 35,291,962	\$ 37,410,027	\$51,133,143	\$49,153,540
Other Liabilities	2,036,317	2,154,637	9,151,495	8,643,116	11,187,812	10,797,753
Total Liabilities	\$ 17,877,498	\$13,898,150	\$44,443,457	\$46,053,143	\$62,320,955	\$59,951,293
Net Assets						
Investment in Capital (net of related debt)	\$ 12,614,213	\$ 15,334,144	\$ 42,594,865	\$ 36,474,656	\$55,209,078	\$51,808,800
Restricted	3,404,707	1,349,861	5,069,422	6,202,081	8,474,129	7,551,942
Unrestricted	(9,679,652)	(9,883,997)	(5,130,232)	(588,563)	(14,809,884)	(10,472,560)
Total Net Position	\$ 6,339,268	\$ 6,800,007	\$42,534,055	\$42,088,174	\$48,873,323	\$48,888,181

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 has been true for the past several years.

Governmental activities

During the current fiscal year, the City of Seneca's governmental activities' net position decreased by \$460,739. Key factors in this decrease are as follows:

- A prior-period adjustment of \$305,347 due to an overstatement of the healthcare fund transfer, as well as an error with \$161,000 worth of equipment that was expensed and not capitalized. Net position was restated from \$6,800,007 to \$6,664,721.
- Council approved use of fund balance to purchase and retain capital.
- Governmental funds surplus of revenues and other financing sources over expenditures of \$3,542,682 caused by general fund surplus of \$3,031,027 and a surplus of \$511,655 in other governmental funds.
- Depreciation expense of \$(1,873,570) exceeded the change in capital assets of \$1,053,238 resulting in a deficit of \$820,332 as reported on the Statement of Activities.
- Change in City's proportionate share of net pension liability, deferred outflow, and deferred inflow decreased by \$1,071,944, GASB 68.
- Changes in compensated absences accrued in salary expense decreased by \$54,428.

The table below summarizes the changes in net position for fiscal year 2021.

Page

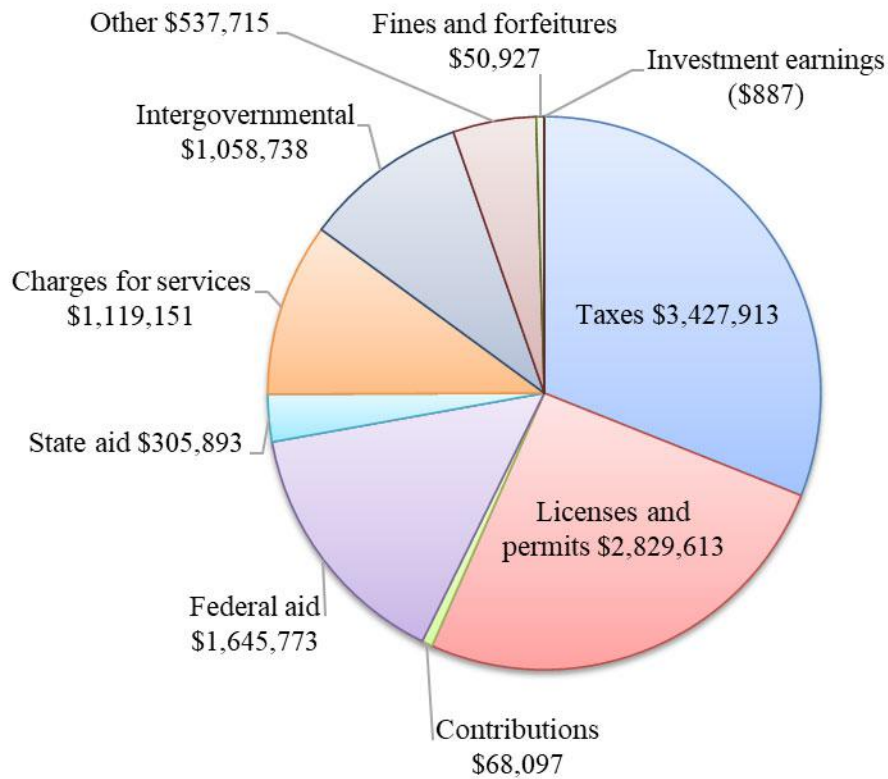
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
REVENUES:						
Program Revenues:						
Charges for sales and	\$1,119,151	\$1,106,608	\$30,526,314	\$30,369,162	\$31,645,465	\$31,475,770
General revenues:						
Property taxes	3,427,913	3,120,960	-	-	3,427,913	3,120,960
Other revenues	2,829,613	2,750,967	-	-	2,829,613	2,750,967
Restricted grants	2,078,607	2,219,669	-	-	2,078,607	2,219,669
Grants and contributions not restricted to specific	999,894	921,527	39,615	3,630,850	1,039,509	4,552,377
Other/Interest/Fines	587,755	749,812	665,058	2,063,285	1,252,813	2,813,097
Total revenues	\$11,042,933	\$10,869,543	31,230,987	\$36,063,297	\$42,273,920	\$46,932,840
EXPENSES:						
General government	\$2,970,918	2,684,164	-	-	\$2,970,918	\$2,684,164
Public safety	6,275,924	5,754,121	-	-	6,275,924	5,754,121
Public Works	1,724,063	1,570,629	-	-	1,724,063	1,570,629
Culture and recreation	1,719,781	1,946,477	-	-	1,719,781	1,946,477
Museums	292,098	281,732	-	-	292,098	281,732
Depreciation	1,873,570	1,882,904	2,523,169	2,389,748	4,396,739	4,272,652
Other	1,234,358	1,313,383	741,056	855,792	1,975,414	2,169,175
Administration	-	-	4,470,870	4,910,107	4,470,870	4,910,107
Electric	-	-	11,191,011	11,241,620	11,191,011	11,241,620
Water	-	-	3,262,339	3,441,555	3,262,339	3,441,555
Sewer	-	-	2,763,165	2,670,414	2,763,165	2,670,414
Tornado Related	-	-	60,301	21,404	60,301	21,404
Interest on Long Term debt	-	-	706,080	644,055	706,080	644,055
Total expenses	\$16,090,712	\$15,433,410	\$25,717,991	\$26,174,695	\$41,808,703	\$41,608,105
Increase in net position before transfers	(5,047,779)	(4,563,867)	5,512,996	9,888,602	465,217	5,324,735
Transfer	4,722,326	4,389,048	(4,722,326)	(4,389,048)	-	-
Increase in net position	(325,453)	(174,819)	790,670	5,499,554	465,217	5,324,735
Beginning net position	6,800,007	6,841,400	42,088,174	36,619,399	48,888,181	43,460,799
Prior-period adjustment	(135,286)	133,426	(344,789)	(30,779)	(480,075)	102,647
Ending net position	\$6,339,268	\$6,800,007	\$42,534,055	\$42,088,174	\$48,873,323	\$48,888,181

GOVERNMENTAL ACTIVITIES

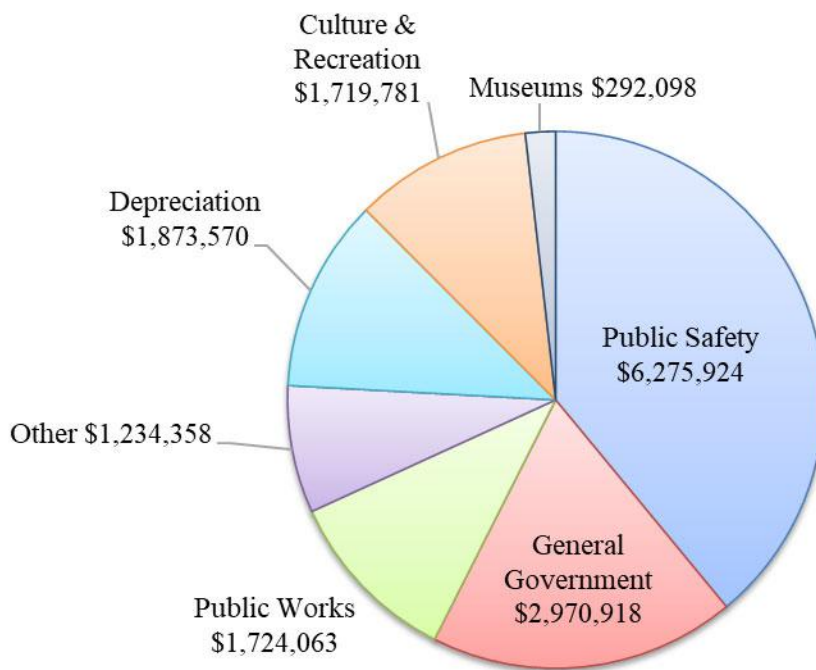
A chart is provided below which depicts the amount of revenue derived from property taxes, grants and contributions, business license and permit fees, charges for services, intergovernmental, and other revenues.

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 \$460,739. See page 5 for the key factors in this decrease.

Expenditures by Function

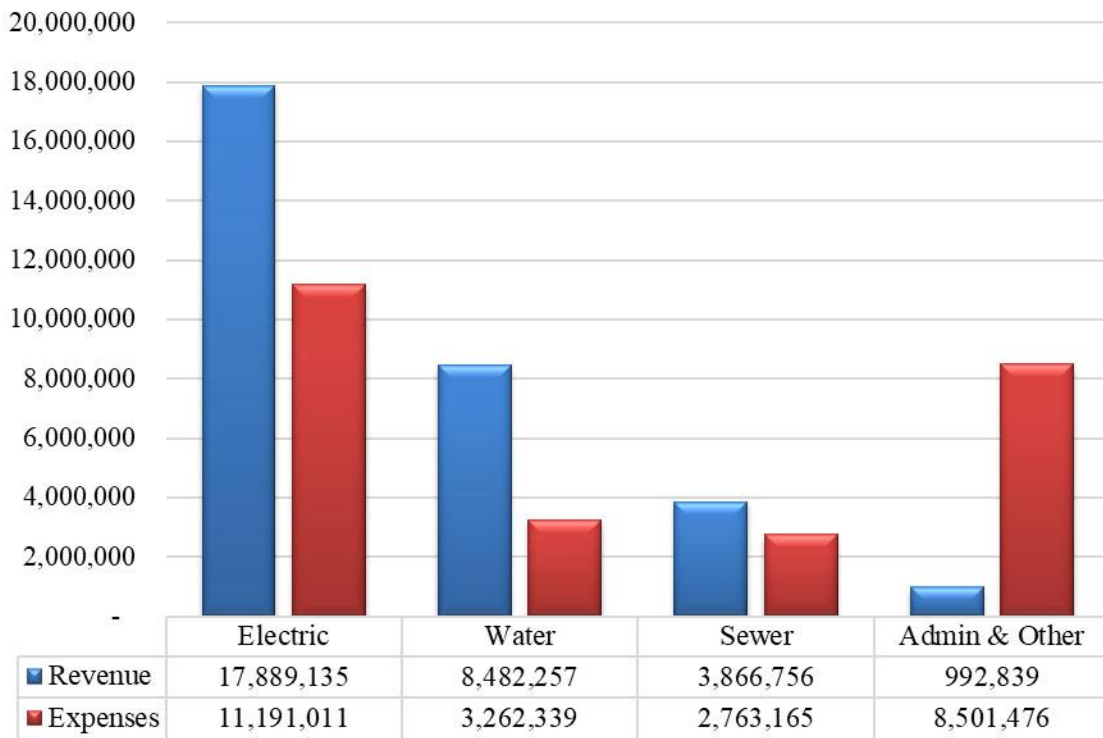


Business-type activities

Business-type activities increased the City of Seneca’s net position by \$445,881. Key elements of the increase are as follows:

- Operating revenues exceed operating expenses by \$6,125,782 for the Light & Water.
- Operating revenues for Seneca Facilities Corp and Seneca Improvements Corp Funds combined exceed operating expenses by \$341,683.
- Net position for business-type activities for FY2020 was restated by a reduction of \$344,789.
- Transfers to other funds of \$4,722,326.

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 unrestricted net assets at June 30, 2021 was \$(9,679,652) due to the change in accounting principle GASB 68. GASB 68 requires the City to record a pension liability of \$12,751,711 for Governmental Funds. The unrestricted net assets balance would be \$3,072,059 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 is \$4,271,756, while total assets were \$5,158,939. In addition, the city has \$16,018,920 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 \$(5,130,232). The Seneca Facilities Corporation Fund handles the activity at the Industrial Facility on Shiloh Road. The Restricted Net Position of the Seneca Facilities Corporation Fund at fiscal year end was \$1,915,706. The Seneca Improvements Corporation Fund aids with economic business establishment and retention for the City of Seneca. The Restricted Net Position of the Seneca Improvements Corporation Fund at fiscal year end was \$1,909,658.

General Fund Budgetary Highlights

The actual operational revenues exceeded budget by \$1,238,655 (does not include the bond proceeds) while the actual expenditures, including capital outlay, exceed the budgeted expenditures by \$1,078,688. Overall, General Fund revenues exceeded expenditures by \$2,725,590. The following is a brief summary of some of the variances.

- Total property taxes revenue exceeded budget by \$233,000, total licenses and permits revenue exceeded budget by \$482,000, and total intergovernmental revenue exceeded budget by \$418,000.

- The purchase and selling of 2020A and 2020B Go Bonds in the amount of \$2,350,000.
- Total actual capital outlay exceeded department budget by \$1,171,452; however, this was due to the budgeted use of fund balance to purchase essential capital for public safety and public works departments.
- Capital outlay for public works is primarily due to the sanitation department garbage trucks catching fire in September 2020. This resulted in a non-budgeted expense of \$551,000, which was partially offset with insurance recovery of \$423,000. There was also a non-budgeted expense of \$80,209 for a Kenworth hook truck, which was necessitated by the mechanical obsolescence of the older hook truck due to its use in tornado cleanup.
- Capital outlay for general government is primarily due to the demolition of the Kellett School in the amount of \$375,472, which was offset by in \$324,000 in grant funds.

For more specific details please reference the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual.

Capital Assets

The City of Seneca’s investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$86,913,615 (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 (please note, some of the numbers below are not net of accumulated depreciation):

- Construction in Progress for Light & Water increased \$2,215,649 for various improvements for electrical, sewer and water.
- Construction in Progress for Light & Water decreased \$5,709,511 because of the completion of the SRF Lift Station Project and various improvements for electrical, sewer and water.
- Construction in Progress for Light & Water decreased by \$3,937,560 due to completing the rebuild on the electrical system from the widespread destruction of two circuits from the tornado that occurred in FY2020.
- Construction in Progress increased for Seneca Improvements Corporation by \$200,668 for renovation at the Kimbrell’s & Harper’s buildings.
- Construction in Progress for Seneca Facilities Corporation increased by \$583,582 for property upgrades at the Seneca Industrial Complex and the new public works building.
- Equipment in the Governmental fund increased because of the need to purchase additional sanitation trucks due to a fire that completely destroyed multiple garbage trucks.
- The total increase in the City of Seneca’s net capital assets for the current fiscal year was \$3,763,751 coming from a decrease of \$665,085 for Governmental Activities and an increase of \$4,428,836 for Business-type Activities.

City of Seneca's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Land	1,327,312	1,327,312	1,283,498	1,271,576	2,610,810	2,598,888
Building and system	4,068,605	4,244,922	15,207,536	15,646,139	19,276,141	19,891,061
Improvement other than Building	4,911,930	5,503,337	47,245,770	35,816,956	52,157,700	41,320,293
Machinery and equipment	2,748,865	2,485,724	746,235	957,582	3,495,100	3,443,306
Vehicles	2,469,075	2,991,647	1,206,650	1,261,659	3,675,725	4,253,306
Construction in Progress	493,133	131,063	5,205,006	11,511,947	5,698,139	11,643,010
Total	<u>\$16,018,920</u>	<u>16,684,005</u>	<u>\$70,894,695</u>	<u>\$66,465,859</u>	<u>\$86,913,615</u>	<u>\$83,149,864</u>

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.

On April 13, 2020, at approximately 3:00 in the morning, a tornado ripped through the City of Seneca. With estimated winds of 160 miles per hour, the tornado was categorized as an EF-3 and declared a major disaster on May 1, 2020. Due to the amount of damage created by this tragedy, the City of Seneca, along with its citizens continue to work towards recovering and rebuilding from this terrible event.

In fiscal year 2021, 8.39 residential acres were annexed into the City of Seneca. Growth inside the city is also shown by the number of housing starts and building permits issued. In fiscal year 2021, 49 single family houses were started and the value of residential permits issued was \$15,225,984.

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.

As an indicator of economic growth the total property market value within the City of Seneca, increased by 3.38% percent from \$777,620,375 in 2020 to \$803,913,652 in 2021.

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.

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BASIC FINANCIAL STATEMENTS

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City of Seneca
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 3,961,876	\$ 3,616,783	\$ 7,578,659
Investments	100,767	108,547	209,314
Receivables			
Property taxes	104,511	-	104,511
Accounts	1,172,319	4,569,328	5,741,647
Interest	-	1,825	1,825
Lease	-	673,975	673,975
Other	-	66,924	66,924
Health care	163,031	117,979	281,010
Prepaid expenses	45,310	17,597	62,907
Internal balances	(71,040)	71,040	-
Due from other governments	367,613	-	367,613
Inventory	25,858	1,356,621	1,382,479
Capital assets held for resale	-	-	-
Restricted cash	(5,385)	3,762,982	3,757,597
Capital assets:			
Land and construction in progress	1,820,445	6,488,504	8,308,949
Other capital assets, net of depreciation	14,198,475	64,406,191	78,604,666
Total assets	\$ 21,883,780	\$ 85,258,296	\$ 107,142,076
Deferred outflow of resources			
Deferred bond gain	\$ -	\$ 327,728	\$ 327,728
Deferred pension charges	2,332,986	1,391,488	3,724,474
Total deferred outflow of resources	\$ 2,332,986	\$ 1,719,216	\$ 4,052,202
Liabilities			
Accounts payable	\$ 466,671	\$ 700,686	\$ 1,167,357
Accrued expenses	377,379	1,177,456	1,554,835
Compensated absences payable	500,851	355,087	855,938
Due to customers	-	1,639,711	1,639,711
Interest payable	-	45,107	45,107
Unearned revenue	36,617	2,270,414	2,307,031
Noncurrent liabilities, net:			
Due within one year	315,237	2,844,695	3,159,932
Due in more than one year	3,089,470	26,118,639	29,208,109
Net pension liability	12,751,711	9,173,323	21,925,034
Total liabilities	\$ 17,537,936	\$ 44,325,118	\$ 61,863,054
Deferred inflow of resources			
Deferred pension credits	\$ 339,562	\$ 118,339	\$ 457,901
Net position			
Invested in capital assets, net of debt	\$ 12,614,213	\$ 42,594,865	\$ 55,209,078
Restricted for:			
Debt service	3,404,707	2,746,047	6,150,754
Generation savings	-	-	-
Health care	-	-	-
Other	-	2,323,375	2,323,375
Unrestricted	(9,679,652)	(5,130,232)	(14,809,884)
Total net position	\$ 6,339,268	\$ 42,534,055	\$ 48,873,323

See Notes to Financial Statements

City of Seneca
Statement of Activities
For the Year Ended June 30, 2021

Functions / programs	Program revenues			Net (expense) revenue & changes in net position.	
	Expenses	Charges for services	Operating grants & contributions	Capital grants & contributions	Total
Primary government:					
Governmental activities					
General government	\$ 2,970,918	\$ -	\$ -	\$ -	\$ (2,970,918)
Public safety	6,275,924	-	-	-	(6,275,924)
Public works	1,724,063	1,119,151	-	-	(604,912)
Cultural & recreation	1,719,781	-	-	-	(1,719,781)
Museums	292,098	-	-	-	(292,098)
Depreciation	1,873,570	-	-	-	(1,873,570)
Project administration	1,155,595	-	-	-	(1,155,595)
Other	78,763	-	-	68,097	(10,666)
Total governmental activities	\$ 16,090,712	\$ 1,119,151	\$ -	\$ 68,097	\$ (14,903,464)
Business-type activities					
Electric	\$ 11,191,011	\$ 17,889,135	\$ -	\$ -	\$ 6,698,124
Water	3,262,339	8,482,257	-	-	5,219,918
Sewer	2,763,165	3,866,756	-	-	1,103,591
Admin	4,470,870	-	-	-	(4,470,870)
Other	741,056	288,166	-	39,615	(413,275)
Interest	706,080	-	-	-	(706,080)
Depreciation	2,523,169	-	-	-	(2,523,169)
Tornado-related	60,301	-	-	-	(60,301)
Total business activities	\$ 25,717,991	\$ 30,526,314	\$ -	\$ 39,615	\$ 4,847,938
Total primary government	\$ 41,808,703	\$ 31,645,465	\$ -	\$ 107,712	\$ (10,055,526)
General revenues:					
Taxes	\$ 3,427,913	\$ -	\$ -	\$ -	\$ 3,427,913
Fines / forfeitures	50,927	-	-	-	50,927
Licenses & permits	2,829,613	-	-	-	2,829,613
Federal aid	1,645,773	-	-	-	1,645,773
State aid	305,893	-	-	-	305,893
County aid	1,058,738	-	-	-	1,058,738
Investment earnings (loss)	(887)	-	-	23,545	22,658
Other	269,449	-	-	-	269,449
Lease income	-	-	-	915,490	915,490
Loss on sale of fixed assets	(248,039)	-	-	(63,434)	(311,473)
Insurance recovery	516,305	-	-	28,373	544,678
Forgiveness of debt	-	-	-	-	-
Loss on capital lease	-	-	-	(238,916)	(238,916)
Transfers	4,722,326	-	-	(4,722,326)	-
Total general revenues and transfers	\$ 14,578,011	\$ (4,057,268)	\$ -	\$ 10,520,743	\$ 465,217
Change in net position	\$ (325,453)	\$ 790,670	\$ -	\$ -	\$ 465,217
Net position - beginning of year, as originally reported	\$ 6,800,007	\$ 42,088,174	\$ -	\$ -	\$ 48,888,181
Prior period adjustment					
Correction of an error	(150,187)	-	-	(344,789)	(494,976)
Change in accounting principle	14,901	-	-	-	14,901
Net position - beginning of year, as restated	\$ 6,664,721	\$ 41,743,385	\$ -	\$ -	\$ 48,408,106
Net position - end of year	\$ 6,339,268	\$ 42,534,055	\$ -	\$ -	\$ 48,873,323

See Notes to Financial Statements

City of Seneca
Balance Sheet - Governmental Funds
June 30, 2021

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Assets			
Cash	\$ 3,520,764	\$ 435,727	\$ 3,956,491
Investments	100,767	-	100,767
Receivables (net of allowances)			
Property taxes	104,511	-	104,511
Accounts	719,418	452,901	1,172,319
Health Care	163,031	-	163,031
Prepaid expenses	45,310	-	45,310
Restricted cash	-	-	-
Due from other funds	111,667	-	111,667
Due from other governments	367,613	-	367,613
Inventory	25,858	-	25,858
Total assets	\$ 5,158,939	\$ 888,628	\$ 6,047,567
Liabilities			
Accounts payable	\$ 308,894	\$ 157,777	\$ 466,671
Accrued expenses	377,379	-	377,379
Due to other funds	-	182,707	182,707
Unearned revenue	129,742	-	129,742
Total liabilities	\$ 816,015	\$ 340,484	\$ 1,156,499
Fund balances			
Nonspendable:			
Inventory	\$ 25,858	\$ -	\$ 25,858
Prepaid expenses	45,310	-	45,310
Unassigned	4,271,756	548,144	4,819,900
Total fund balances	\$ 4,342,924	\$ 548,144	\$ 4,891,068
Total liabilities, deferred outflows and inflows of resources and fund balances	\$ 5,158,939	\$ 888,628	\$ 6,047,567

See Notes to Financial Statements

City of Seneca
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 4,891,068

Amounts reported for the governmental activities in the statement of net assets are different because:

Some property taxes receivable are not available to pay for current period expenditures and are deferred in the funds 93,125

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$39,686,511 and the accumulated depreciation is \$23,667,591. 16,018,920

The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (10,758,287)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.
 Long-term liabilities at year-end consist of:

Capital leases	(1,054,707)
Bonds payable	(2,350,000)
Compensated absences	<u>(500,851)</u>
	<u>\$ (3,905,558)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,339,268

City of Seneca
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Revenues			
Taxes	\$ 2,547,698	\$ 855,656	\$ 3,403,354
Licenses and permits	2,829,613	-	2,829,613
Federal aid	488,493	1,157,280	1,645,773
State aid	233,059	72,834	305,893
County aid	698,738	360,000	1,058,738
Charges for services	1,119,151	-	1,119,151
Fines and forfeitures	50,927	-	50,927
Investment earnings (loss)	(893)	6	(887)
Contributions	-	55,359	55,359
Other revenues	68,799	38,853	107,652
Total revenues	\$ 8,035,585	\$ 2,539,988	\$ 10,575,573
Expenditures			
Current operating			
General government	\$ 2,807,731	\$ -	\$ 2,807,731
Public safety	5,676,005	-	5,676,005
Public works	1,794,375	72,834	1,867,209
Project administration	-	1,155,595	1,155,595
Culture and recreation	1,072,891	543,419	1,616,310
Museums	293,167	-	293,167
Capital outlay			
General government	381,905	-	381,905
Public safety	244,390	-	244,390
Public works	682,807	-	682,807
Culture and recreation	18,115	-	18,115
Museums	37,235	-	37,235
Special revenue funds	-	2,206	2,206
Benefits	-	28,198	28,198
Other expenditures	-	17,716	17,716
Total expenditures	\$ 13,008,621	\$ 1,819,968	\$ 14,828,589
Excess (deficiency) of revenues over (under) expenditures	\$ (4,973,036)	\$ 720,020	\$ (4,253,016)
Other financing sources			
Contributions & donations	\$ 12,738	\$ -	\$ 12,738
Interfund transfers, net	4,930,744	(208,418)	4,722,326
Insurance recovery	516,305	-	516,305
Proceeds from bond issuance	2,350,000	-	2,350,000
Proceeds from sale of fixed assets	32,535	-	32,535
Miscellaneous income	161,741	53	161,794
Total other financing sources	\$ 8,004,063	\$ (208,365)	\$ 7,795,698
Net change in Fund Balance	\$ 3,031,027	\$ 511,655	\$ 3,542,682
Fund balances, beginning as originally reported	1,617,334	21,588	1,638,922
Prior period adjustment			
Correction of an error	(305,437)	-	(305,437)
Cumulative change in accounting principle	-	14,901	14,901
Fund balances, beginning as restated	\$ 1,311,897	\$ 36,489	\$ 1,348,386
Fund balances, ending	\$ 4,342,924	\$ 548,144	\$ 4,891,068

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, 2021

<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	<p>\$ 3,542,682</p>
<p>Net change in fund balances - total governmental funds</p>	<p>\$ 3,542,682</p>
<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</p>	<p>(1,071,944)</p>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p>	<p>24,559</p>
<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>	<p>\$ 1,053,238</p>
<p style="padding-left: 20px;">Change in capital assets</p> <p style="padding-left: 20px;">Depreciation</p>	<p>(1,873,570)</p>
<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>	<p>54,428</p>
<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>	<p>(2,350,000)</p>
<p>Repayment of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.</p>	<p>295,154</p>
<p>Change in net position of governmental activities</p>	<p>\$ (325,453)</p>

See Notes to Financial Statements

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2021

Revenues	Original & Final Budget	Actual	Budget Variance
Property taxes			
Real property	\$ 1,950,000	\$ 2,118,803	\$ 168,803
Vehicles	215,000	259,260	44,260
Other	150,000	169,635	19,635
Total property taxes	\$ 2,315,000	\$ 2,547,698	\$ 232,698
Licenses and permits			
Business licenses	2,005,930	2,461,536	455,606
Franchise fees	78,000	74,386	(3,614)
Building permits	78,500	107,183	28,683
Miscellaneous permits	35,000	57,473	22,473
Natural gas authority	150,000	129,035	(20,965)
Total licenses and permits	\$ 2,347,430	\$ 2,829,613	\$ 482,183
Intergovernmental			
County revenue sharing	660,000	698,738	38,738
Federal grant revenue	125,557	488,493	362,936
State government shared revenue	191,500	210,502	19,002
SC housing authority	22,000	17,244	(4,756)
State grants / SCMIT	3,000	5,313	2,313
Total intergovernmental	\$ 1,002,057	\$ 1,420,290	\$ 418,233

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2021

Revenues	Original & Final Budget	Actual	Budget Variance
Charges for services			
Garbage fees	\$ 1,100,000	\$ 1,119,151	\$ 19,151
Fines and forfeitures			
Municipal court fines	\$ 50,000	\$ 42,841	\$ (7,159)
Victims assistance fines	<u>10,000</u>	<u>8,086</u>	<u>(1,914)</u>
Total fines and forfeitures	\$ 60,000	\$ 50,927	\$ (9,073)
Investment earnings (loss)	\$ -	\$ (893)	\$ (893)
Other			
Recreation fees / sports	\$ 58,000	\$ 60,429	\$ 2,429
Miscellaneous	<u>50,000</u>	<u>8,370</u>	<u>(41,630)</u>
Total other	\$ 108,000	\$ 68,799	\$ (39,201)
Total revenues	\$ 6,932,487	\$ 8,035,585	\$ 1,103,098

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, 2021

Expenditures	Original & Final Budget	Actual	Budget Variance
Current operating			<i>continued</i>
General government			
Municipal judge	\$ 250,348	\$ 228,172	\$ 22,176
Mayor and council	201,006	175,292	25,714
Finance / administration	1,868,995	2,055,337	(186,342)
Planning and development	453,027	348,930	104,097
Total general government	<u>\$ 2,773,376</u>	<u>\$ 2,807,731</u>	<u>\$ (34,355)</u>
Public safety			
Police department	\$ 3,401,220	\$ 3,473,349	\$ (72,129)
Fire department	2,157,764	2,202,656	(44,892)
Total public safety	<u>\$ 5,558,984</u>	<u>\$ 5,676,005</u>	<u>\$ (117,021)</u>
Public works			
Street department	\$ 872,275	\$ 825,532	\$ 46,743
Sanitation department	552,889	558,059	(5,170)
Motor pool	411,958	410,784	1,174
Total public works	<u>\$ 1,837,122</u>	<u>\$ 1,794,375</u>	<u>\$ 42,747</u>
Culture & recreation	\$ 1,291,309	\$ 1,072,891	\$ 218,418
Museums	\$ 276,142	\$ 293,167	\$ (17,025)

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2021

Expenditures	Original & Final Budget	Actual	Budget Variance
<i>Capital outlay</i>			<i>continued</i>
General government	\$ 17,500	\$ 381,905	\$ (364,405)
Public safety	154,000	244,390	(90,390)
Public works	19,000	682,807	(663,807)
Culture / recreation	-	18,115	(18,115)
Museums	22,500	37,235	(14,735)
Total capital outlay	\$ 213,000	\$ 1,364,452	\$ (1,151,452)
Total expenditures	\$ 11,949,933	\$ 13,008,621	\$ (1,058,688)
Excess (deficiency) of revenues over (under) expenditures	\$ (5,017,446)	\$ (4,973,036)	\$ 44,410
Other financing sources (uses)			
Contributions & donations	-	12,738	\$ 12,738
Interfund transfers, net	5,047,444	4,930,744	(116,700)
Insurance recovery	-	516,305	516,305
Proceeds from bond issuance	-	2,350,000	2,350,000
Proceeds from sale of fixed assets	-	32,535	32,535
Miscellaneous income (loss)	(29,998)	161,741	191,739
Total other financing sources	\$ 5,017,446	\$ 8,004,063	\$ 2,986,617
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ 3,031,027	\$ 3,031,027
Fund balances, beginning as originally reported	1,617,334	1,617,334	-
Prior period adjustment / correction of an error	-	(305,437)	(305,437)
Fund balances, beginning as restated	\$ 1,617,334	\$ 1,311,897	\$ (305,437)
Fund balances, ending	\$ 1,617,334	\$ 4,342,924	\$ 2,725,590

**City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2021**

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 2,312,027	\$ 747,057	\$ 557,699	\$ 3,616,783
Restricted cash	1,244,058	1,501,989	1,016,935	3,762,982
Investments	108,547	-	-	108,547
Receivables:				
Accounts receivable	4,517,201	52,127	-	4,569,328
Other receivables	(561)	67,485	-	66,924
Health care	117,979	-	-	117,979
Interest	-	-	1,825	1,825
Lease receivable, current	-	-	75,000	75,000
Prepaid expenses	17,597	-	-	17,597
Due from other funds	459,634	-	-	459,634
Inventory	1,356,621	-	-	1,356,621
Total current assets	\$ 10,133,103	\$ 2,368,658	\$ 1,651,459	\$ 14,153,220
Noncurrent assets				
Lease receivable	\$ -	\$ -	\$ 598,975	\$ 598,975
Land	1,042,910	240,588	-	1,283,498
Buildings	15,320,907	2,223,202	-	17,544,109
Improvements	79,449,333	3,102,869	27,757	82,579,959
Equipment	7,064,868	6,000	-	7,070,868
Vehicles	4,607,593	-	-	4,607,593
Construction in progress	3,083,367	1,580,740	540,899	5,205,006
Less, accumulated depreciation	(46,315,382)	(1,075,405)	(5,551)	(47,396,338)
Total noncurrent assets	\$ 64,253,596	\$ 6,077,994	\$ 1,162,080	\$ 71,493,670
Total assets	\$ 74,386,699	\$ 8,446,652	\$ 2,813,539	\$ 85,646,890
Deferred outflow of resources				
Deferred bond gain, net	\$ 327,728	\$ -	\$ -	\$ 327,728
Deferred pension charges	1,391,488	-	-	1,391,488
Total deferred outflow of resources	\$ 1,719,216	\$ -	\$ -	\$ 1,719,216

continued

**City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2021**

	<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	\$ 676,435	\$ 24,251	\$ -	\$ 700,686
Accrued expenses	1,069,153	-	-	1,069,153
Compensated absences	355,087	-	-	355,087
Capital lease payable, current	260,250	-	-	260,250
State revolving fund loan, current	905,983	-	-	905,983
Bonds payable, current	1,308,462	370,000	-	1,678,462
Customer deposits	1,098,197	-	-	1,098,197
Deferred revenue	2,270,414	-	-	2,270,414
Interest payable	108,303	45,107	-	153,410
Due to customers	541,514	-	-	541,514
Due to other funds	-	383,594	5,000	388,594
Total current liabilities	\$ 8,593,798	\$ 822,952	\$ 5,000	\$ 9,421,750
Long-term liabilities				
Capital lease payable	\$ 862,343	\$ -	\$ -	\$ 862,343
State revolving fund loans	14,117,947	-	-	14,117,947
Bonds payable	5,894,468	4,345,000	-	10,239,468
Line of credit	-	-	898,881	898,881
Net pension liability	9,173,323	-	-	9,173,323
Total long-term liabilities	\$ 30,048,081	\$ 4,345,000	\$ 898,881	\$ 35,291,962
Total liabilities	\$ 38,641,879	\$ 5,167,952	\$ 903,881	\$ 44,713,712
Deferred inflow of resources				
Deferred pension credits	\$ 118,339	\$ -	\$ -	\$ 118,339
Net position				
Invested in capital assets, net of related debt	\$ 41,231,871	\$ 1,362,994	\$ -	\$ 42,594,865
Restricted for:				
Debt service	1,244,058	1,501,989	-	2,746,047
Other	-	413,717	1,909,658	2,323,375
Unrestricted	(5,130,232)	-	-	(5,130,232)
Total net position	\$ 37,345,697	\$ 3,278,700	\$ 1,909,658	\$ 42,534,055

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, 2021

	<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	\$ 17,889,135	\$ -	\$ -	\$ 17,889,135
Water	8,482,257	-	-	8,482,257
Sewer	3,866,756	-	-	3,866,756
Lease income	-	915,490	-	915,490
Interest income	-	-	-	-
Grant revenue	32,115	7,500	-	39,615
Other	288,166	-	-	288,166
Total operating revenues	\$ 30,558,429	\$ 922,990	\$ -	\$ 31,481,419
Operating expenses				
Light & water administration	\$ 2,334,769	\$ -	\$ -	\$ 2,334,769
I & I department	112,180	-	-	112,180
Billing department	906,007	-	-	906,007
Engineering department	736,811	-	-	736,811
Electrical department	3,450,490	-	-	3,450,490
Water department	1,467,374	-	-	1,467,374
Sewer department	2,763,165	-	-	2,763,165
Water plant	1,794,965	-	-	1,794,965
Electrical generation / purchase	7,740,521	-	-	7,740,521
Maintenance	741,056	-	-	741,056
Depreciation	2,383,266	134,352	5,551	2,523,169
Program expenses	-	-	55,123	55,123
Facilities operations	-	325,980	-	325,980
Tornado related expenses	-	60,301	-	60,301
Total operating expenses	\$ 24,430,604	\$ 520,633	\$ 60,674	\$ 25,011,911
Operating income (loss)	\$ 6,127,825	\$ 402,357	\$ (60,674)	\$ 6,469,508
Non-operating revenues (expenses)				
Investment income (loss)	\$ (2,378)	\$ 1,299	\$ 24,624	\$ 23,545
Interest expense	(540,218)	(136,684)	(29,178)	(706,080)
Loss on sale of fixed assets	-	-	(63,434)	(63,434)
Loss on capital lease	-	-	(238,916)	(238,916)
Insurance recovery	1,187	27,186	-	28,373
Other financing sources (uses)				
Interfund transfers in (out)	\$ (4,888,000)	\$ (34,326)	\$ 200,000	\$ (4,722,326)
Change in net position	\$ 698,416	\$ 259,832	\$ (167,578)	\$ 790,670
Net position, beginning	\$ 36,728,026	\$ 3,282,912	\$ 2,077,236	\$ 42,088,174
Prior period adjustment:				
Correction of an error	(80,745)	(264,044)	-	(344,789)
Net position, beginning of year, restated	\$ 36,647,281	\$ 3,018,868	\$ 2,077,236	\$ 41,743,385
Net position, ending	\$ 37,345,697	\$ 3,278,700	\$ 1,909,658	\$ 42,534,055

See Notes to Financial Statements

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City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 31,286,754	\$ 845,051	\$ -	\$ 32,131,805
Payments to suppliers / goods and services	(16,855,211)	(609,930)	(55,123)	(17,520,264)
Payments to / for employees	(5,792,203)	-	-	(5,792,203)
Net cash provided (used) by operating activities	\$ 8,639,340	\$ 235,121	\$ (55,123)	\$ 8,819,338
Cash flows from non-capital financing activities:				
Interfund transfers, net	\$ (4,888,000)	\$ (34,326)	\$ 200,000	\$ (4,722,326)
Total cash flows from non-capital financing activities	\$ (4,888,000)	\$ (34,326)	\$ 200,000	\$ (4,722,326)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets, net	\$ (5,798,580)	\$ (556,396)	\$ (205,331)	\$ (6,560,307)
Proceeds from sale of capital assets	-	-	349,800	349,800
Principal paid on capital debt	(2,188,369)	(285,000)	(1,119)	(2,474,488)
Interest paid on capital debt	(406,743)	(139,410)	(29,178)	(575,331)
Total cash flows from capital and related financing activities	\$ (8,393,692)	\$ (980,806)	\$ 114,172	\$ (9,260,326)
Cash flows from investing activities:				
Other receivables	\$ -	\$ 79,296	\$ -	\$ 79,296
Withdrawal from investment account	-	-	-	-
Proceeds from capital lease	-	-	93,749	93,749
Interest income	1,798	1,299	1,520	4,617
Total cash flows from investing activities	\$ 1,798	\$ 80,595	\$ 95,269	\$ 177,662
Net increase (decrease) in cash	\$ (4,640,554)	\$ (699,416)	\$ 354,318	\$ (4,985,652)
Cash, beginning	8,196,639	2,948,462	1,220,316	12,365,417
Cash, ending	\$ 3,556,085	\$ 2,249,046	\$ 1,574,634	\$ 7,379,765

continued

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				<i>continued</i>
Operating income	\$ 6,127,825	\$ 402,357	\$ (60,674)	\$ 6,469,508
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,383,266	134,352	5,551	2,523,169
Changes in assets (increase), decrease:				
Accounts receivable	(320,058)	(52,127)	-	(372,185)
Other receivable	8,527	-	-	8,527
Health care fund receivable	2,643	-	-	2,643
Due from other funds	107,698	11,958	-	119,656
Prepaid expenses	(4,614)	-	-	(4,614)
Inventory	40,531	-	-	40,531
Deferred bond gain	4,150	-	-	4,150
Deferred pension charges	(374,759)	-	-	(374,759)
Changes in liabilities increase, (decrease):				
Accounts payable	(714,113)	(249,575)	-	(963,688)
Accrued expenses	39,675	-	-	39,675
Customer deposits	87,798	-	-	87,798
Deferred revenue	409,944	(25,812)	-	384,132
Compensated absences payable	(24,452)	-	-	(24,452)
Pension liability	367,640	-	-	367,640
Due to customers	541,514	-	-	541,514
Due to other funds	-	13,968	-	13,968
Deferred pension credits	(43,875)	-	-	(43,875)
Total adjustments	\$ 2,511,515	\$ (167,236)	\$ 5,551	\$ 2,349,830
Net cash provided(used) by operating activities	\$ 8,639,340	\$ 235,121	\$ (55,123)	\$ 8,819,338

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

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City of Seneca
Notes to Financial Statements
June 30, 2021

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, Seneca improvements corp fund, and Seneca facilities corp fund), and the custodial funds. Seneca improvements corp fund and Seneca facilities corp fund are each blended component units. 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 custodial funds, even though the custodial 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 custodial 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

Custodial Funds -- accounts for assets held in a trustee capacity. Assets of this funds 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 adopted GASB Statement No. 84 “Fiduciary Activities” (“Statement”) for the year ended June 30, 2021. The primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement made it clear that the Museum, Policeman’s, Narcotics Operating, Fire Department Explorer’s, and Police Department Explorer’s Funds balances and activities should be reported by the City in a special revenue fund. The balances and activities were previously reported as fiduciary activities.

The adoption of GASB Statement No. 84 has resulted in the restatement of the City’s fund balance and net position as of July 1, 2020, for its governmental fund financial statements and its government-wide financial statements to reflect the reporting of the above mentioned funds. The fund balance of the City’s governmental funds and net position of the District’s governmental activities as of July 1, 2020, was increased by \$14,901, reflecting the cumulative change in accounting principle related to the adoption of GASB Statement No. 84.

F. Prior period adjustments

A prior-period adjustment was made to decrease the net position of the general fund by \$305,347. In 2020, the adjustment to record the healthcare fund transfer was overstated by \$305,347. Also, a prior period adjustment was made to the non-major governmental funds to increase the net position of those funds by \$155,250. In 2020 there was an error that expensed \$161,000 worth of equipment that should have been capitalized and depreciated by \$5,750. This restates the net position of the governmental activities at June 30, 2020 from \$6,800,007 to \$6,664,721 and had no affect on the net position of other funds.

A prior-period adjustment was made to decrease the net position of the Light & Water fund by \$80,745. In 2020, the adjustment to record the healthcare fund transfer was understated by \$80,745. A prior period adjustment was also made to Seneca Facilities Corporation to decrease the net position by \$264,044. This was due to an understatement of utility expense and accounts payable of \$216,210. Also in 2020 there was an understatement of interest expense of \$47,834. This restates the net position of the business-type activities as of June 30, 2020 from \$42,088,174 to \$41,743,385 and had no affect on the net position of other funds.

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, 2021 is \$10,379,663. The bank balance of the funds at June 30, 2021 is \$10,966,331 of which \$1,900,902 is category 1 (insured by Federal Deposit Insurance), and \$9,065,429 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, 2021.

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

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, 2020, \$9,065,429 of the City’s bank balance of \$10,966,331 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 \$209,314, 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, 2021:

<u>Investment</u>	<u>Carrying amount</u>	<u>Market value</u>
State Investment Pool	\$ 11,300	\$ 11,300
US Government Agencies	198,014	198,014
	<u>\$ 209,314</u>	<u>\$ 209,314</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:

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

Capital asset activity for the current year ended June 30, 2021 was as follows:

Governmental Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,327,312	\$ -	\$ -	\$ 1,327,312
Construction in progress	131,063	404,786	42,716	493,133
Total not depreciated	\$ 1,458,375	\$ 404,786	\$ 42,716	\$ 1,820,445
Capital assets, depreciated				
Buildings	\$ 8,955,912	\$ 42,856	\$ -	\$ 8,998,768
Improvements	13,979,117	-	-	13,979,117
Equipment	4,307,115	655,836	258	4,962,693
Vehicles	10,240,041	434,047	748,600	9,925,488
Total depreciated	\$ 37,482,185	\$ 1,132,739	\$ 748,858	\$ 37,866,066
Less accumulated depreciation for:	Beginning	Increases	Decreases	Ending
Buildings	\$ 4,710,990	\$ 219,173	\$ -	\$ 4,930,163
Improvements	8,475,780	591,407	-	9,067,187
Equipment	1,821,391	392,437	-	2,213,828
Vehicles	7,248,394	676,303	468,284	7,456,413
Total depreciation	\$ 22,256,555	\$ 1,879,320	\$ 468,284	\$ 23,667,591
Total depreciable assets, net	\$ 15,225,630	\$ (746,581)	\$ 280,574	\$ 14,198,475
Total governmental activities capital assets, net	\$ 16,684,005	\$ (341,795)	\$ 323,290	\$ 16,018,920

Business-Type Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,271,576	\$ 11,922	\$ -	\$ 1,283,498
Construction in progress	11,511,947	3,340,131	9,647,072	5,205,006
Total not depreciated	\$ 12,783,523	\$ 3,352,053	\$ 9,647,072	\$ 6,488,504
Capital assets, depreciated				
Buildings	\$ 17,544,109	\$ 985,361	\$ 985,361	\$ 17,544,109
Improvements	72,077,825	12,979,255	2,477,121	82,579,959
Equipment	7,066,029	4,839	-	7,070,868
Vehicles	4,345,021	285,867	23,295	4,607,593
Total depreciated	\$ 101,032,984	\$ 14,255,322	\$ 3,485,777	\$ 111,802,529
Less accumulated depreciation for:	Beginning	Increases	Decreases	Ending
Buildings	\$ 1,897,970	\$ 438,603	\$ -	\$ 2,336,573
Improvements	36,260,868	1,550,442	2,477,121	35,334,189
Equipment	6,108,447	216,186	-	6,324,633
Vehicles	3,083,361	340,877	23,295	3,400,943
Total depreciation	\$ 47,350,646	\$ 2,546,108	\$ 2,500,416	\$ 47,396,338
Total depreciable assets, net	\$ 53,682,338	\$ 11,709,214	\$ 985,361	\$ 64,406,191
Total business-type activities capital assets, net	\$ 66,465,861	\$ 15,061,267	\$ 10,632,433	\$ 70,894,695

Depreciation expense of the primary government as follows:

Governmental activities	
General government	\$ 901,278
Public safety	259,298
Public works	534,356
Culture & recreation	178,638
Total depreciation expense – governmental activities	\$ 1,873,570
Business-type activities	
Electric	\$ 486,402
Water	1,142,778
Sewer	333,046
Administration	560,943
Total depreciation expense – business-type activities	\$ 2,523,169

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, 2021 represent uncollected tax levies less allowance for doubtful accounts as follows:

	<u>Receivable</u>	<u>Allowance</u>
General fund	\$ 107,743	\$ 3,232

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	\$ 107,743	\$ -	\$ -	\$ 107,743
Accounts	882,449	4,687,307	452,901	6,022,657
Intergovernmental	111,667	459,634	-	571,301
Other	367,613	143,749	-	511,362
Gross receivables	<u>\$ 1,469,472</u>	<u>\$ 5,290,690</u>	<u>\$ 452,901</u>	<u>\$ 7,213,063</u>
Less allowance	3,232	-	-	3,232
Net receivables	<u>\$ 1,466,240</u>	<u>\$ 5,290,690</u>	<u>\$ 452,901</u>	<u>\$ 7,209,831</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:

Fund	Transfers in	Transfers out	Transfers - net
General fund	\$ 5,058,606	\$ 127,862	\$ 4,930,744
Light & water fund	-	4,888,000	(4,888,000)
Seneca improvements	200,000	-	200,000
Seneca facilities	127,341	161,667	(34,326)
Nonmajor governmental funds	521	208,939	(208,418)
Total transfers	\$ 5,386,468	\$ 5,386,468	\$ -

As of June 30, 2021, interfund receivables and payables that resulted from interfund transactions were as follows:

Fund	Due from other funds	Due to other funds
General fund	\$ 111,667	\$ -
Light & water fund	459,634	-
Seneca facilities corp fund	-	383,594
Seneca improvements corp	-	5,000
Nonmajor governmental funds	-	182,707
Totals	\$ 571,301	\$ 571,301

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, 2021 are as follows:

Purpose	Interest Rate	Balance	Current Portion
2012 Combined Utility System	2.28%	\$ 3,440,000	\$ 830,000
2020 Combined Utility System (2013 Refinanced)	1.63%	3,762,930	478,462
2019 Installment Purchase Revenue Bond (New Market Tax Credit Refinance)	2.87%	4,715,000	370,000
Total		\$ 11,917,930	\$ 1,678,462

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>
08/01/21	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>\$ 3,440,000</u>		<u>\$ 159,144</u>	<u>\$ 3,599,144</u>	

On December 22, 2020, the City issued \$3,762,930 of Combined Utility System Refunding Revenue Bonds, Series 2020, 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 \$3,830,000 of the Series 2013 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 \$75,500. 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 resulted in a reduction of \$297,471 in future debt service payments.

The following table provides the Series 2020 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>
08/01/21	478,462	1.63	30,668	509,130	515,774
02/01/22			26,768	26,768	
08/01/22	445,049	1.63	26,768	471,817	498,585
02/01/23			23,141	23,141	
08/01/23	455,154	1.63	23,141	478,295	501,436
02/01/24			19,432	19,432	
08/01/24	460,016	1.63	19,432	479,448	498,880
02/01/25			15,683	15,683	
08/01/25	469,683	1.63	15,683	485,366	501,049
02/01/26			11,855	11,855	
08/01/26	479,098	1.63	11,855	490,953	502,808
02/01/27			7,950	7,950	
08/01/27	483,257	1.63	7,950	491,207	499,157
02/01/28			4,012	4,012	
08/01/28	492,211	1.63	4,012	496,223	500,235
Totals	\$ 3,762,930		\$ 248,350	\$ 4,011,280	

On November 21, 2019, Seneca Facilities Corporation issued installment purchase 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.

The following table provides the 2019 installment purchase revenue 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>
09/01/21	370,000	2.87	67,660	437,660	505,321
03/01/22			62,351	62,351	
09/01/22	380,000	2.87	62,351	442,351	504,702
03/01/23			56,898	56,898	
09/01/23	395,000	2.87	56,898	451,898	508,796
03/01/24			51,230	51,230	
09/01/24	400,000	2.87	51,230	451,230	502,459
03/01/25			45,490	45,490	
09/01/25	415,000	2.87	45,490	460,490	505,979
03/01/26			39,534	39,534	
09/01/26	425,000	2.87	39,534	464,534	504,069
03/01/27			33,436	33,436	
09/01/27	440,000	2.87	33,436	473,436	506,871
03/01/28			27,122	27,122	
09/01/28	455,000	2.87	27,122	482,122	509,243
03/01/29			20,592	20,592	
09/01/29	465,000	2.87	20,592	485,592	506,185
03/01/30			13,920	13,920	
09/01/30	480,000	2.87	13,920	493,920	507,839
03/01/31			7,032	7,032	
09/01/31	490,000	2.87	7,032	497,032	504,063
Totals	\$ 4,715,000		\$ 782,870	\$ 5,497,870	

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>
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>\$ 867,210</u>	<u>\$ 77,659</u>	<u>\$ 944,869</u>	

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.

2018 State Revolving Fund Loan

On June 22, 2018 the City entered into a loan agreement with the South Carolina Water Pollution Control Revolving Fund Authority in the amount of \$6,031,455 for water system improvements. The loan bears interest at 1.90% per annum over 20 years. Payments began December 1, 2019 and will continue until September 1, 2039. Quarterly principal and interest payments in the amount of \$90,800 are due March 1st, June 1st, September 1st, and December 1st of each year.

2020 General Obligation Bonds

On November 5, 2020 the City issued and sold general obligation bonds Series 2020A for \$1,400,000. This bond bears interest at 1.70% per annum payable on March 1 and September 1 of each year, commencing March 1, 2021. Annual payments of principal will be paid on March 1 of each year until March 1, 2028. The following table provides the Series 2020A 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>
09/01/21			11,900	11,900	
03/01/22			11,900	11,900	23,800
09/01/22			11,900	11,900	
03/01/23	225,000	1.70	11,900	236,900	246,888
09/01/23			9,988	9,988	
03/01/24	225,000	1.70	9,988	234,988	243,063
09/01/24			8,075	8,075	
03/01/25	230,000	1.70	8,075	238,075	244,195
09/01/25			6,120	6,120	
03/01/26	235,000	1.70	6,120	241,120	245,243
09/01/26			4,123	4,123	
03/01/27	240,000	1.70	4,123	244,123	246,206
09/01/27			2,083	2,083	
03/01/28	245,000	1.70	2,083	247,083	247,083
Totals	<u>\$ 1,400,000</u>		<u>\$ 108,378</u>	<u>\$ 1,508,378</u>	

On November 12, 2020 the City issued and sold general obligation bonds Series 2020B for \$950,000. This bond bears interest at 1.70% per annum payable on March 1 and September 1 of each year, commencing March 1, 2021. Annual payments of principal will be paid on March 1 of each year until March 1, 2028. The following table provides the Series 2020B 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>
09/01/21			8,075	8,075	
03/01/22			8,075	8,075	16,150
09/01/22			8,075	8,075	
03/01/23	150,000	1.70	8,075	158,075	164,875
09/01/23			6,800	6,800	
03/01/24	155,000	1.70	6,800	161,800	167,283
09/01/24			5,483	5,483	
03/01/25	155,000	1.70	5,483	160,483	164,648
09/01/25			4,165	4,165	
03/01/26	160,000	1.70	4,165	164,165	166,970
09/01/26			2,805	2,805	
03/01/27	165,000	1.70	2,805	167,805	169,208
09/01/27			1,403	1,403	
03/01/28	165,000	1.70	1,403	166,403	166,403
Totals	<u>\$ 950,000</u>		<u>\$ 73,612</u>	<u>\$ 1,023,612</u>	

Capital leases - lessee

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:

<i>Fire trucks</i>	\$	517,924
<i>Mini excavator</i>		60,300
<i>Wheel loader</i>		93,800
<i>Hook truck</i>		120,005
<i>Fire safety equipment</i>		219,696
<i>Garbage trucks</i>		546,534
<i>Miscellaneous vehicles</i>		152,544
	\$	<u>1,710,803</u>

Business-type activities:

<i>Sewer trucks</i>		446,660
<i>Pressure washer</i>		58,300
<i>Work trucks</i>		109,150
<i>Dump truck</i>		109,240
<i>Bucket trucks</i>		761,236
<i>Track loader</i>		51,503
	\$	<u>1,536,089</u>

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, 2021.

Fiscal year ending

	<u>Lease payments</u>	
<i>06/30/2022</i>	\$	625,421
<i>06/30/2023</i>		405,260
<i>06/30/2024</i>		405,260
<i>06/30/2025</i>		297,726
<i>06/30/2026</i>		297,726
<i>Thereafter</i>		297,726
<i>Total minimum lease payments</i>	\$	2,329,118
<i>Less interest portion</i>		<u>(151,816)</u>
<i>Present value of future minimum lease payments</i>	\$	<u>2,177,302</u>

Long-term liability activity for the year ended June 30, 2021, 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	\$ 1,349,861	\$ -	\$ (295,154)	\$ 1,054,707	\$ 315,237
General obligation bonds	-	2,350,000	-	2,350,000	-
<i>Governmental activity long term liabilities</i>	<u>\$ 1,349,861</u>	<u>\$ 2,350,000</u>	<u>\$ (295,154)</u>	<u>\$ 3,404,707</u>	<u>\$ 315,237</u>
<i>Business-type activities:</i>					
Revenue bonds payable	\$ 13,505,000	\$ -	\$ (1,587,070)	\$ 11,917,930	\$ 1,678,462
Deferred amount on refunding	(331,878)	(75,500)	79,650	(327,728)	-
Total bonds payable	<u>\$ 13,173,122</u>	<u>\$ (75,500)</u>	<u>\$ (1,507,420)</u>	<u>\$ 11,590,202</u>	<u>\$ 1,678,462</u>
SRF loan	<u>\$ 15,439,015</u>	<u>\$ 474,968</u>	<u>\$ (890,053)</u>	<u>\$ 15,023,930</u>	<u>\$ 905,983</u>
Capital lease	<u>\$ 1,379,066</u>	<u>\$ -</u>	<u>\$ (256,473)</u>	<u>\$ 1,122,593</u>	<u>\$ 260,250</u>
<i>Business-type activity long-term liabilities</i>	<u>\$ 29,991,203</u>	<u>\$ 399,468</u>	<u>\$ (2,653,946)</u>	<u>\$ 27,736,725</u>	<u>\$ 2,844,695</u>

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, 2021 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	\$ 30,558,429	\$ 922,990	\$ -	\$ 31,481,419
Depreciation	2,383,266	134,352	5,551	2,523,169
Operating income(loss)	6,127,825	402,357	(60,674)	6,469,508
Change in net position	698,416	259,832	(167,578)	790,670
Net position	37,345,697	3,278,700	1,909,658	42,534,055

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

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

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

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

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain the amortization period for the refinancing of the unfunded actuarial accrued liability (UAAL) or a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ration is at least 85 percent. 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 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ration of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 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 a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2019	2020	2021	2019	2020	2021
Employer Rate:						
Retirement	14.41%	15.41%	15.41%	16.84%	17.84%	17.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Program	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	14.56%	15.56%	15.56%	17.24%	18.24%	18.24%
Employee Rate	9.00%	9.00%	9.00%	9.75%	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
2021	\$ 1,024,501	100%	\$ 495,460	100%
2020	1,074,509	100%	507,590	100%
2019	956,314	100%	462,444	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (State) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2021. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2020 (measurement date) to the City were approximately \$88,416.

The City recognized contributions from the State of approximately \$88,416 for the year ended June 30, 2021. These contributions are recognized as intergovernmental revenues and pension expenditures in the City's governmental fund financial statements.

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
2021	\$ 6,584,197	\$ 2,716,209	\$ 9,300,406
2020	6,905,582	2,782,839	9,688,421
2019	6,568,093	2,682,391	9,250,484

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study must be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2019, for the first use in the July 1, 2021 actuarial valuation.

The June 30, 2020, 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, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year, June 30, 2020, using generally accepted accounting principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 2020.

Actuarial cost method	SCRS	PORS
	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment Rate of Return *	7.25%	7.25%
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.

Assumptions used in the determination of the June 30, 2020, TPL are as follows.

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, 2020 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	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	\$ 8,046,386,629	\$ 4,730,174,642	\$ 3,316,211,987	58.8%

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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.

<i>Allocation/Exposure</i>	<i>Policy Target</i>	<i>Expected Arithmetic Real Rate of Return</i>	<i>Long Term Expected Portfolio Real Rate of Return</i>
<i>Global Equity</i>	<i>51.0%</i>		
<i>Global Public Equity</i>	<i>35.0%</i>	<i>7.81%</i>	<i>2.73%</i>
<i>Private Equity</i>	<i>9.0%</i>	<i>8.91%</i>	<i>0.80%</i>
<i>Equity Options Strategies</i>	<i>7.0%</i>	<i>5.09%</i>	<i>0.36%</i>
<i>Real Assets</i>	<i>12.0%</i>		
<i>Real Estate (Private)</i>	<i>8.0%</i>	<i>5.55%</i>	<i>0.44%</i>
<i>Real Estate (REITs)</i>	<i>1.0%</i>	<i>7.78%</i>	<i>0.08%</i>
<i>Infrastructure (Private)</i>	<i>2.0%</i>	<i>4.88%</i>	<i>0.10%</i>
<i>Infrastructure (Public)</i>	<i>1.0%</i>	<i>7.05%</i>	<i>0.07%</i>
<i>Opportunistic</i>	<i>8.0%</i>		
<i>Global Tactical Asset Allocation</i>	<i>7.0%</i>	<i>3.56%</i>	<i>0.25%</i>
<i>Other Opportunistic Strategies</i>	<i>1.0%</i>	<i>4.41%</i>	<i>0.04%</i>
<i>Credit</i>	<i>15.0%</i>		
<i>High Yield Bonds/ Bank Loans</i>	<i>4.0%</i>	<i>4.21%</i>	<i>0.17%</i>
<i>Emerging Markets Debt</i>	<i>4.0%</i>	<i>3.44%</i>	<i>0.14%</i>
<i>Private Debt</i>	<i>7.0%</i>	<i>5.79%</i>	<i>0.40%</i>
<i>Rate Sensitive</i>	<i>14.0%</i>		
<i>Core Fixed Income</i>	<i>13.0%</i>	<i>1.60%</i>	<i>0.21%</i>
<i>Cash and Short Duration (Net)</i>	<i>1.0%</i>	<i>0.56%</i>	<i>0.01%</i>
<i>Total Expected Real Return</i>	<u><i>100%</i></u>		<u><i>5.80%</i></u>
<i>Inflation for Actuarial Purposes</i>			<u><i>2.25%</i></u>
<i>Total Expected Nominal Return</i>			<u><u><i>8.05%</i></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 the 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 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	\$ 19,602,085	\$ 15,816,074	\$ 12,654,710
City's proportionate share of the net pension liability of the PORS	\$ 8,087,236	\$ 6,108,961	\$ 4,520,533

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

At June 30, 2021, the City reported a liability of \$21,925,035 for its proportionate share of the net pension liabilities for the SCRS plan \$15,816,074 and PORS plan \$6,108,961. The net pension liabilities were measured as of June 30, 2020, 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, 2019 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, 2020, the City's SCRS proportion was 0.061898 percent, which was an decrease of 0.000301 percent from its proportion measured as of June 30, 2019. At June 30, 2020, the City's PORS proportion was 0.184215 percent, which was an decrease of 0.000719 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense on its government-wide financial statements of \$2,540,889 consisting of \$1,531,916 for SCRS and \$1,008,973 for the PORS. At June 30, 2021, the City reported deferred outflows or resources and deferred inflows of resources related to pension from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences between expected and actual experience	\$ 182,497	\$ 59,807
Changes in Assumptions	19,377	-
Net Difference between projected and actual earnings on Pension plan investments	1,163,405	144,227
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions	9,336	-
City's contributions subsequent to the measurement date	1,024,501	-
Total SCRS	<u>\$ 2,399,116</u>	<u>\$ 204,034</u>
PORS		
Differences between expected and actual experience	\$ 129,828	\$ 26,890
Changes in Assumptions	74,549	-
Net Difference between projected and actual earnings on pension plan investments	625,544	-
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions	-	226,977
City's contributions subsequent to the measurement date	495,437	-
Total PORS	<u>\$ 1,325,158</u>	<u>\$ 253,977</u>
Total SCRS and PORS	<u>\$ 3,724,274</u>	<u>\$ 457,901</u>

The \$1,024,501 and \$495,437 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, 2021. 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,	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2021	\$ 162,378	\$ 87,219	\$ 249,597
2022	323,751	135,952	459,703
2023	387,575	192,128	579,703
2024	296,876	160,755	457,631
Total	<u>\$ 1,170,580</u>	<u>\$ 576,054</u>	<u>\$ 1,746,634</u>

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.

Payable to Plans

The City reported a payable of approximately \$184,000 to the PEBA as of June 30, 2021, representing required employer and employee contributions for the month of June 2021 for SCRS and PORS. This amount is included in the Employer Retirement Payable on the financial statements and was paid in July 2021.

16. Restricted assets

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

The bond principal and interest accounts are escrow accounts for current maturities of bond principal and interest. Account balances at June 30, 2021 are as follows:

Debt service (General Fund)	\$	3,461,061
Debt service (Light & Water)		1,244,058
Debt service (Seneca Facilities Corp)		<u>1,501,989</u>
Total restricted assets	\$	<u><u>6,207,108</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>
General government	\$ 2,807,731	\$ 2,773,376	\$ 34,355
Public safety	5,676,005	5,558,984	117,021
Museums	293,167	276,142	17,025

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 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, 2020:

Funding

Federal (FTA)	\$	1,157,280
Local match		521
Total funding	\$	<u>1,157,801</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. 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.

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 \$111,667 to the City on June 30th of each of the years until June 30, 2032.

20. Capital lease – lessor

On June 17, 2020, Seneca Improvements Corporation entered into a capital lease agreement with Betty’s Café, LLC(dba Vangeli’s) for the property and improvements at 121 Main Street in Seneca. This property was deeded to the Corporation after its collapse. The lease agreement was for the Corporation to reconstruct the building for the use of Vangeli’s to maintain their business in town and to encourage growth in the City. The agreement consisted of monthly rental payments of \$6,250 until the total development costs of \$900,000 is repaid. A bargain purchase option of a nominal fee of \$10 will become available after the total development costs have been repaid but will expire on March 2, 2032.

Total development costs however totaled \$985,361. Using the Corporation’s incremental borrowing rate of 3.25%, the present value of the minimum lease payments equals \$746,446 resulting in a \$238,915 loss. See below for a schedule of the minimum lease payments to be received.

<u>Fiscal year ending</u>	<u>Lease payments</u>
06/30/2021	\$ 75,000
06/30/2022	75,000
06/30/2023	75,000
06/30/2024	75,000
06/30/2025	75,000
06/30/2026	75,000
Thereafter	450,000
Total minimum lease payments	\$ 900,000
Less interest portion	(153,554)
Present value of future minimum lease payments	<u>\$ 746,446</u>

21. Construction commitments

The City has construction commitments totaling \$3,982,515 at June 30, 2021. Costs of \$3,944,365 had been incurred on these contracts as of June 30, 2021.

22. 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.

23. 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, there were no claims 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:

<i>Fiscal year ending June 30,</i>	<i>Beginning Liability</i>	<i>Current Year Claims and Changes in Estimate</i>	<i>Claim Payments</i>	<i>Ending Liability</i>
2021	\$ 178,493	\$ 29,694	\$ 208,187	\$ -
2020	299,922	1,040,153	1,161,582	178,493
2019	286,740	1,531,311	1,518,128	299,922

24. Subsequent events

The City received \$4.25 million in funds from the American Rescue Plan Act in January 2022. These funds were received to be used for infrastructure projects, water, sewer, and broadband. Also as a part of the Plan, there was provisions for providing a premium lump sum payment to essential employees who were involved in providing services in the City during the pandemic. On January 11, 2022, a \$1.03 million payment was made to different employees who qualified for the premium pay.

In January 2022, Seneca Improvements Corporation received \$2.5 million in funds from the State of South Carolina for continued downtown revitalization. These funds will be used to reconstruct the Harper’s and Kimbrell’s properties downtown.

25. COVID-19 pandemic impacts

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, and in March 2020, classified the outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the outbreak continues to evolve as of the date of these financial statements. Management continues to actively monitor the impact from this health crisis on its financial condition, liquidity, operations, workforce and citizens. As local and federal governments recommend or mandate restrictions on business and travel in an effort to curb the pandemic by changing consumer behavior, the City's revenues may be negatively impacted. Such restrictions are currently expected to be temporary; however, there is considerable uncertainty about their duration. Given the daily evolution of the pandemic, the City cannot estimate the duration or gravity of its impact at this time. If the pandemic continues for a long period of time, it may have a material adverse effect on the City's results of operations, net position/fund balance and liquidity for the year ended June 30, 2022.

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City of Seneca
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	Firemen's Fund	Tornado Relief Fund	Municipal Court Escrow Account	Narcotics Seizure Account	Total Custodial Funds
Assets					
Cash / investments	\$ 77,071	\$ 10,175	\$ 4,492	\$ 790	\$ 92,528
Liabilities					
Net position	<u>\$ 77,071</u>	<u>\$ 10,175</u>	<u>\$ 4,492</u>	<u>\$ 790</u>	<u>\$ 92,528</u>

See Notes to Financial Statements

City of Seneca
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Firemen's Fund	Tornado Relief Fund	Municipal Court Escrow Account	Narcotics Seizure Account	Total Custodial Funds
Additions					
Contributions	\$ 37,723	\$ 124,617	\$ 759	-	\$ 163,099
Investment earnings	120	-	-	7	\$ 127
Total additions	<u>\$ 37,843</u>	<u>\$ 124,617</u>	<u>\$ 759</u>	<u>\$ 7</u>	<u>\$ 163,226</u>
Reductions					
Benefits	24,626	433,902	6,723	8,439	\$ 473,690
Change in net position	\$ 13,217	\$ (309,285)	\$ (5,964)	\$ (8,432)	\$ (310,464)
Net position, beginning	63,854	319,460	10,456	9,222	\$ 402,992
Net position, ending	<u>\$ 77,071</u>	<u>\$ 10,175</u>	<u>\$ 4,492</u>	<u>\$ 790</u>	<u>\$ 92,528</u>

See Notes to Financial Statements

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

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2021

	"C" Funds	Hospitality Tax	Accommodations Tax	CAT Operating PT-20N711-06	CARES ACT PT-20N7CA-06	Capital Earmark PT-9N739-01
Assets						
Cash	\$ (72,834)	\$ 24,618	\$ (15,204)	\$ 381,767	\$ (224,688)	\$ 300,000
Receivables Notes / accounts	72,834	471	21,720	-	357,876	-
Total assets	\$ -	\$ 25,089	\$ 6,516	\$ 381,767	\$ 133,188	\$ 300,000
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 18,073	\$ 6,516	\$ -	\$ 133,188	\$ -
Due to other funds	-	182,707	-	-	-	-
Total liabilities	\$ -	\$ 200,780	\$ 6,516	\$ -	\$ 133,188	\$ -
Fund balances	-	(175,691)	-	381,767	-	300,000
Total liabilities and fund balances	\$ -	\$ 25,089	\$ 6,516	\$ 381,767	\$ 133,188	\$ 300,000

continued

See Notes to Financial Statements

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2021

	Policeman's Fund	Museum Account	PD Explorer Account	FD Explorer Account	Narcotics Operating Account	Total
Assets						
Cash	\$ 709	\$ 13,297	\$ -	\$ -	\$ 28,062	\$ 435,727
Receivables	-	-	-	-	-	452,901
Notes / accounts						
Total assets	\$ 709	\$ 13,297	\$ -	\$ -	\$ 28,062	\$ 888,628
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,777
Due to other funds	-	-	-	-	-	182,707
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,484
Fund balances	709	13,297	-	-	28,062	548,144
Total liabilities and fund balances	\$ 709	\$ 13,297	\$ -	\$ -	\$ 28,062	\$ 888,628

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, 2021

	"C" Funds	Hospitality Tax	Accommodations Tax	CAT Operating PT-20N711-06	CARES ACT PT-20N7CA-06	Capital Earmark PT-9N739-01
Revenues						
Taxes	\$ -	\$ 771,601	\$ 84,055	\$ -	\$ -	\$ -
Federal aid	-	-	-	-	1,155,595	1,685
State aid	72,834	-	-	-	-	-
County aid	-	-	-	60,000	-	300,000
Investment earnings	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Other revenue	-	38,853	-	-	-	-
Total revenues	\$ 72,834	\$ 810,454	\$ 84,055	\$ 60,000	\$ 1,155,595	\$ 301,685
Expenditures						
Current operating						
Public works	\$ 72,834	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	543,419	-	-	-	-
Project administration	-	-	-	-	1,155,595	-
Capital outlay	-	-	-	-	100	2,106
Other	-	-	17,716	-	-	-
Benefits	-	-	-	-	-	-
Total expenditures	\$ 72,834	\$ 543,419	\$ 17,716	\$ -	\$ 1,155,695	\$ 2,106
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 267,035	\$ 66,339	\$ 60,000	\$ (100)	\$ 299,579
Other financing sources (uses)						
Transfers in (out)	\$ -	\$ (142,600)	\$ (66,339)	\$ -	\$ 100	\$ 421
Other	-	-	-	53	-	-
Net change in fund balances	\$ -	\$ 124,435	\$ -	\$ 60,053	\$ -	\$ 300,000
Fund balances, beginning	-	(300,126)	-	321,714	-	-
Fund balances, ending	\$ -	\$ (175,691)	\$ -	\$ 381,767	\$ -	\$ 300,000

continued

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, 2021

	Policeman's Fund	Museum Account	PD Explorer Account	FD Explorer Account	Narcotics Operating	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,656
Federal aid	-	-	-	-	-	1,157,280
State aid	-	-	-	-	-	72,834
County aid	-	-	-	-	-	360,000
Investment earnings	-	-	-	-	6	6
Contributions	10,930	13,769	-	-	30,660	55,359
Other revenue	-	-	-	-	-	38,853
Total revenues	\$ 10,930	\$ 13,769	\$ -	\$ -	\$ 30,666	\$ 2,539,988
Expenditures						
Current operating						
Public works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,834
Culture and recreation	-	-	-	-	-	543,419
Project administration	-	-	-	-	-	1,155,595
Capital outlay	-	-	-	-	-	2,206
Other	-	-	-	-	-	17,716
Benefits	11,583	1,667	2,335	265	12,348	28,198
Total expenditures	\$ 11,583	\$ 1,667	\$ 2,335	\$ 265	\$ 12,348	\$ 1,819,968
Excess (deficiency) of revenues over (under) expenditures	\$ (653)	\$ 12,102	\$ (2,335)	\$ (265)	\$ 18,318	\$ 720,020
Other financing sources (uses)						
Transfers in (out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (208,418)
Other	-	-	-	-	-	53
Net change in fund balances	\$ (653)	\$ 12,102	\$ (2,335)	\$ (265)	\$ 18,318	\$ 511,655
Fund balances, beginning	1,362	1,195	2,335	265	9,744	36,489
Fund balances, ending	\$ 709	\$ 13,297	\$ -	\$ -	\$ 28,062	\$ 548,144

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
State aid	\$ 1,000,000	\$ 72,834	\$ (927,166)
Public works / paving	\$ 1,000,000	\$ 72,834	\$ 927,166
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

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, 2021

	Budget	Actual	Variance
Revenues			
Hospitality Tax	\$ 500,000	\$ 716,172	\$ 216,172
Local ATAX	40,000	55,429	15,429
Other revenue	40,000	38,853	(1,147)
Total revenues	\$ 580,000	\$ 810,454	\$ 230,454
Expenditures			
Current operating			
Culture and recreation	\$ 427,400	\$ 543,419	\$ (116,019)
Capital outlay	-	-	-
Intergovernmental grants	10,000	-	10,000
Total expenditures	\$ 437,400	\$ 543,419	\$ (106,019)
Excess (deficiency) of revenues over (under) expenditures	\$ 142,600	\$ 267,035	\$ 124,435
Other financing sources (uses)			
Transfers out	(142,600)	(142,600)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ 124,435	\$ 124,435
Fund balance, beginning	(300,126)	(300,126)	-
Fund balance, ending	\$ (300,126)	\$ (175,691)	\$ 124,435

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 100,000	\$ 84,055	\$ (15,945)
Expenditures			
Other Tourism	\$ 22,500	\$ 17,716	\$ 4,784
Excess (deficiency) of revenues over (under) expenditures	\$ 77,500	\$ 66,339	\$ (11,161)
Other financing sources (uses)			
Transfers out	(77,500)	(66,339)	11,161
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
CAT Operating Grant...PT-20N711-06
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Federal aid	\$ 574,743	-	\$ (574,743)
State aid	142,859	-	(142,859)
County aid	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total revenues	\$ 777,602	\$ 60,000	\$ (717,602)
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ 686,938	-	\$ 686,938
State	178,691	-	178,691
Local	183,729	-	183,729
Capital outlay			
Local	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ 1,049,358	\$ -	\$ 1,049,358
Excess (deficiency) of revenues over (under) expenditures	\$ (271,756)	\$ 60,000	\$ 331,756
Other financing sources			
Transfers in (out)	\$ 271,756	-	\$ 271,756
Other	<u>-</u>	<u>53</u>	<u>53</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ 60,053	\$ 60,053
Fund balance, beginning	-	<u>321,714</u>	<u>321,714</u>
Fund balance, ending	\$ -	\$ <u>381,767</u>	\$ <u>381,767</u>

See Notes to Financial Statements

CITY OF SENECA
 SCHEDULE OF BUDGETED TO ACTUAL COSTS
 For the Year Ended June 30, 2021

OPT Contract # Contract period: Performance Period	PT-20N711-06							Total Program Variance
	July 1, 2020 - June 30, 2021							
	Total Budget	Section 5311		SMTF		Local		
		Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	
ADMINISTRATION								
Other Salaries & Wages	55,169	-	23,847	-	2,982	-	2,980	25,360
Fringe Benefits	14,615	-	5,297	-	661	-	663	7,994
Professional & Technical Service	273,475	-	111,742	-	13,964	-	13,969	133,800
Materials and Supplies	13,000	-	502	-	64	-	545	11,889
Total Administration	356,259	-	141,386	-	17,672	-	18,158	179,043
OPERATIONS								
Professional & Technical Service	420,175	-	109,658	-	54,792	-	56,322	199,399
Custodial Service	7,000	-	2,094	-	1,030	-	1,275	2,605
Utilities	35,000	-	12,362	-	6,234	-	6,455	9,952
Total Operations	462,175	-	124,113	-	62,054	-	64,052	211,956
CAPITAL								
Spare Parts Maintenance items	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-
Preventive Maintenance	174,350	-	78,907	-	9,863	-	9,864	75,716
Miscellaneous Equipment	-	-	-	-	-	-	-	-
Shop Equipment	-	-	-	-	-	-	-	-
Total Capital	174,350	-	78,907	-	9,863	-	9,864	75,716
Total Program	992,784	-	344,406	-	89,589	-	92,077	466,716
Approved Budget	992,784							
Federal Costs	344,406							
State Costs	89,589							
Local Costs	92,077							
Budget Balance	466,716							

City of Seneca
 Cares Act PT-20N7CA-06
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal aid	\$ -	\$ 1,155,595	\$ 1,155,595
Total revenues	\$ -	\$ 1,155,595	\$ 1,155,595
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ -	\$ 1,155,595	\$ (1,155,595)
Local	-	100	(100)
Total expenditures	\$ -	\$ 1,155,695	\$ (1,155,695)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (100)	\$ 100
Other financing sources			
Transfers in / out	-	100	(100)
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, 2021

OPT Contract # Contract period: Performance Period	PT-20N7CA-06							Total Program Variance
	February 1, 2020 - June 30, 2021							
	Total Budget	Section 5311		SMTF		Local		
		Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	
ADMINISTRATION								
Other Salaries & Wages	79,187	49,805	20,523	-	-	-	-	8,859
Fringe Benefits	17,564	11,063	4,559	-	-	-	-	1,942
Professional & Technical Service	436,120	290,346	102,170	-	-	-	-	43,605
Materials and Supplies	3,800	3,061	408	-	-	100	544	(313)
Total Administration	536,671	354,275	127,660	-	-	100	544	54,092
OPERATIONS								
Professional & Technical Service	633,800	409,896	161,395	-	-	-	-	62,509
Custodial Service	15,100	7,970	3,607	-	-	-	-	3,523
Utilities	83,813	53,760	20,013	-	-	-	-	10,040
Total Operations	732,713	471,626	185,015	-	-	-	-	76,072
CAPITAL								
Spare Parts Maintenance items	-	-	-	-	-	-	-	-
ADP Hardware	72,900	22,872	-	-	-	-	-	50,028
Preventive Maintenance	400,777	301,548	65,916	-	-	-	-	33,313
Other Capital Items	5,594	5,274	259	-	-	-	-	61
Shop Equipment	-	-	-	-	-	-	-	-
Total Capital	479,272	329,694	66,175	-	-	-	-	83,402
Total Program	1,748,655	1,155,594	378,851	-	-	100	544	213,565
Approved Budget	1,748,655							
Federal Costs	1,534,445							
State Costs	-							
Local Costs	644							
Budget Balance	213,565							

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, 2021

	Current Year	Prior Periods	Total to Date	Project Authorization	Budget Balance
Revenues					
Federal aid	\$ 1,685	\$ 1,347,056	\$ 1,348,741	\$ 1,450,000	\$ 101,259
County aid	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Expenditures					
Capital outlay	\$ 2,106	\$ 1,760,905	\$ 1,763,011	\$ 1,950,000	\$ 186,989
Total expenditures	\$ 2,106	\$ 1,760,905	\$ 1,763,011	\$ 1,950,000	\$ 186,989
Excess (deficiency) of revenues over (under) expenditures	\$ 299,579	\$ (413,849)	\$ (114,270)	\$ (200,000)	\$ 85,730
Other financing sources					
Transfers in	421	413,849	414,270	500,000	(85,730)
Net change in fund balance	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Fund balance, beginning	<u>-</u>	<u>-</u>			
Fund balance, ending	<u>\$ 300,000</u>	<u>\$ -</u>			

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, 2021

Performance Period	Total Budget	PT-9N739-01										Total Program Variance
		Section 5311					SMTF					
		Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Prior Period Jul 18 - Jun 19	Current Jul 20 - Jun 21	Prior Period Jul 19 - Jun 20	Prior Period Jul 18 - Jun 19	Current Jul 20 - Jun 21	Local Prior Period Jul 19 - Jun 20	Prior Period Jul 18 - Jun 19	Local Prior Period Jul 19 - Jun 20	
CAPITAL												
Spare Parts Maintenance Items	-	-	-	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-	-	-	-
ADA New Buses - 85%	1,600,000	1,168,437	-	-	-	-	-	-	-	-	389,340	42,223
Technical Assistance/Contractual	95,000	2,705	232	-	-	-	-	-	-	-	676	91,361
Shop Equipment	255,000	175,682	-	-	-	-	-	-	-	-	23,807	53,405
Total Capital	1,950,000	1,346,824	232	-	-	-	-	-	-	-	413,823	186,989
Total Program	1,950,000	1,346,824	232	-	-	-	-	-	-	-	413,823	186,989
Approved Budget	1,950,000											
Federal Costs	1,348,741											
State Costs	-											
Local Costs	414,270											
Budget Balance	186,989											

City of Seneca
Light & Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Electric receipts	\$ 18,675,500	\$ 17,889,135	\$ (786,365)
Water receipts	9,032,000	8,482,257	(549,743)
Sewer receipts	3,792,000	3,866,756	74,756
Grant revenue	-	32,115	32,115
Other revenues	200,000	288,166	88,166
Total operating revenues	<u>\$ 31,699,500</u>	<u>\$ 30,558,429</u>	<u>\$ (1,141,071)</u>
Operating expenses			
Light & water administration (505)	\$ 2,003,542	\$ 2,334,769	\$ (331,227)
I & I department (506)	162,560	112,180	50,380
Billing department (507)	906,493	906,007	486
Engineering department (508)	753,771	736,811	16,960
Electrical department (509)	2,764,918	3,450,490	(685,572)
Water department (510)	1,918,418	1,467,374	451,044
Sewer department (511)	2,520,222	2,763,165	(242,943)
Water plant (512)	1,742,796	1,794,965	(52,169)
Electrical generation/purchase (513)	8,163,173	7,740,521	422,652
Maintenance (514)	594,619	741,056	(146,437)
Depreciation	1,500,000	2,383,266	(883,266)
Total operating expenses	<u>\$ 23,030,512</u>	<u>\$ 24,430,604</u>	<u>\$ (1,400,092)</u>
Operating income (loss)	<u>\$ 8,668,988</u>	<u>\$ 6,127,825</u>	<u>\$ (2,541,163)</u>
Non-operating transactions			
Investment income (loss)	\$ 3,100	\$ (2,378)	\$ (5,478)
Interest expense	(530,351)	(540,218)	(9,867)
Proceeds from sale of capital assets	-	-	-
Insurance recovery	-	1,187	1,187
Other financing sources (uses)			
Interfund transfers in (out)	<u>\$ (4,650,000)</u>	<u>\$ (4,888,000)</u>	<u>\$ (238,000)</u>
Net income (loss)	<u>\$ 3,491,737</u>	<u>\$ 698,416</u>	<u>\$ (2,793,321)</u>
Net position, beginning	<u>\$ 36,728,026</u>	<u>\$ 36,728,026</u>	<u>\$ -</u>
Prior period adjustment:			
Correction of an error	-	(80,745)	(80,745)
Adjusted net position, beginning	<u>36,728,026</u>	<u>36,647,281</u>	<u>(80,745)</u>
Net position, ending	<u>\$ 40,219,763</u>	<u>\$ 37,345,697</u>	<u>\$ (2,874,066)</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Lease income	\$ 1,035,488	\$ 915,490	\$ (119,998)
Grant income	50,000	7,500	(42,500)
Total operating revenues	<u>\$ 1,085,488</u>	<u>\$ 922,990</u>	<u>\$ (162,498)</u>
Operating expenses			
Facilities operations	\$ 398,500	\$ 325,980	\$ 72,520
Depreciation	130,000	134,352	(4,352)
Tornado related expenses	50,000	60,301	(10,301)
Total operating expenses	<u>\$ 578,500</u>	<u>\$ 520,633</u>	<u>\$ (57,867)</u>
Operating income (loss)	\$ 506,988	\$ 402,357	\$ (204,631)
Non-operating revenues (expenses)			
Investment income	\$ -	\$ 1,299	\$ 1,299
Interest expense	(139,410)	(136,684)	2,726
Insurance recovery	-	27,186	27,186
Other financing sources (uses)			
Interfund transfers in (out)	\$ 15,656	\$ (34,326)	\$ (49,982)
Net income (loss)	\$ 383,234	\$ 259,832	\$ (123,402)
Net position, beginning	\$ 3,282,912	\$ 3,282,912	\$ -
Prior period adjustment:			
Correction of an error	-	(264,044)	(264,044)
Adjusted net position, beginning	<u>-</u>	<u>3,018,868</u>	<u>3,018,868</u>
Net position, ending	<u>\$ 3,666,146</u>	<u>\$ 3,278,700</u>	<u>\$ (387,446)</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Downtown programs	\$ 561,000	\$ -	\$ (561,000)
Interest income	-	-	-
Total operating revenues	<u>\$ 561,000</u>	<u>\$ -</u>	<u>\$ (561,000)</u>
Operating expenses			
Program expenses	\$ -	\$ 55,123	\$ (55,123)
Depreciation	-	5,551	(5,551)
Total operating expenses	<u>\$ -</u>	<u>\$ 60,674</u>	<u>\$ (60,674)</u>
Operating income (loss)	\$ 561,000	\$ (60,674)	\$ (621,674)
Non-operating transactions			
Loss on capital lease	\$ -	\$ (238,916)	\$ (238,916)
Loss on sale of fixed assets	-	(63,434)	(63,434)
Interest revenue	-	24,624	24,624
Interest expense	-	(29,178)	(29,178)
Other financing sources			
Interfund transfers in	\$ 561,000	\$ 200,000	\$ (361,000)
Net income (loss)	\$ 1,122,000	\$ (167,578)	\$ (1,289,578)
Net position, beginning	<u>\$ 2,077,236</u>	<u>\$ 2,077,236</u>	<u>\$ -</u>
Net position, ending	<u>\$ 3,199,236</u>	<u>\$ 1,909,658</u>	<u>\$ (1,289,578)</u>

See Notes to Financial Statements

**City of Seneca
Capital Assets Used in the Operation
of Governmental Funds
Schedule by Type
June 30, 2021**

Governmental funds capital assets

Land	\$	1,327,312
Buildings		8,998,768
Improvements		13,979,117
Equipment		4,962,693
Vehicles		9,925,488
Construction in progress		493,133
Total	\$	39,686,511
Less, accumulated depreciation		(23,667,591)
Investment in capital assets	\$	16,018,920

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity
June 30, 2021

Function & activity	Land	Buildings	Improvements	Machinery & equipment	Vehicles	Construction in progress	Total
General government							
Municipal judge	\$ -	\$ -	\$ -	\$ 108,168	\$ -	\$ -	\$ 108,168
Finance / administration	173,787	1,843,144	480,639	331,656	55,980	-	2,885,206
Planning & development	37,497	463,271	2,855,773	2,603,168	3,953,909	-	9,913,618
Total general government	\$ 211,284	\$ 2,306,415	\$ 3,336,412	\$ 3,042,992	\$ 4,009,889	\$ -	\$ 12,906,992
Public safety							
Police department	20,000	649,393	672,260	257,814	1,128,949	2,126	2,730,542
Fire department	16,709	1,430,900	-	437,359	2,378,738	-	4,263,706
Total public safety	\$ 36,709	\$ 2,080,293	\$ 672,260	\$ 695,173	\$ 3,507,687	\$ 2,126	\$ 6,994,248
Public works							
Street department	2,000	50,000	7,898,111	626,372	691,365	-	9,267,848
Sanitation department	1,000	232,460	-	302,074	1,468,205	-	2,003,739
Motor pool	2,000	-	88,192	66,443	56,570	-	213,205
Total public works	\$ 5,000	\$ 282,460	\$ 7,986,303	\$ 994,889	\$ 2,216,140	\$ -	\$ 11,484,792
Recreation	926,158	4,329,600	859,975	229,639	188,272	491,007	7,024,651
Other	148,161	-	1,124,167	-	3,500	-	1,275,828
Total governmental funds capital assets	\$ 1,327,312	\$ 8,998,768	\$ 13,979,117	\$ 4,962,693	\$ 9,925,488	\$ 493,133	\$ 39,686,511
Less accumulated depreciation							\$ (23,667,591)
Net governmental funds capital assets							\$ 16,018,920

See Notes to Financial Statements

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OTHER REQUIRED INFORMATION

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CITY OF SENECA
 UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
 For The Year Ended June 30, 2020

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			\$ 89,738.00	\$ 89,738.00
Court fines and assessments remitted to State Treasurer			\$ (58,091.00)	\$ (58,091.00)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 31,647.00	\$ 31,647.00
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 2,932.00	\$ 2,932.00
Assessments retained			\$ 5,154.00	\$ 5,154.00
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 8,086.00	\$ 8,086.00

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	\$ 5,154.00		\$ 5,154.00
Victim Service Surcharges Retained by City/County Treasurer	\$ 2,932.00		\$ 2,932.00
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)	\$ 8,086.00	\$ -	\$ 8,086.00
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 8,086.00		\$ 8,086.00
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)	\$ 8,086.00	\$ -	\$ 8,086.00
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**

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
City's proportion of the net pension liability	0.061898%	0.062199%	0.062642%	0.063860%	0.060788%	0.059549%	0.062022%
City's proportion of the net pension liability	\$15,816,074	\$14,202,714	\$14,036,125	\$14,291,720	\$12,984,227	\$11,293,755	\$10,678,132
City's covered-employee payroll	\$6,905,582	\$6,568,093	\$6,500,262	\$6,406,079	\$5,939,939	\$5,530,073	\$5,630,795
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.03%	216.23%	215.93%	223.10%	218.59%	204.23%	189.64%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to schedule:

Only the last seven 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

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	\$ 1,024,501	\$ 1,074,509	\$ 956,314	\$ 881,435	\$ 740,543	\$ 656,957	\$ 602,771
Contributions in relation to the contractually required contribution:							
Contribution deficiency (Excess)	\$ 1,024,501	\$ 1,074,509	\$ 956,314	\$ 881,435	\$ 740,543	\$ 656,957	\$ 602,771
City of Seneca covered-employee payroll	\$ 6,584,197	\$ 6,905,582	\$ 6,568,093	\$ 6,500,262	\$ 6,406,079	\$ 5,939,939	\$ 8,250,779
Contributions as a percentage of covered-employee payroll	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	7.31%

Notes to Schedule:
 Only the last seven 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**

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
City's proportion of the net pension liability	0.184215%	0.184934%	0.188615%	0.207800%	0.216460%	0.212240%	0.211390%
City's proportion of the net pension liability	\$6,108,961	\$5,300,095	\$5,344,477	\$5,692,725	\$5,490,453	\$4,625,654	\$4,046,851
City's covered-employee payroll	\$2,782,839	\$2,682,391	\$2,610,710	\$2,798,343	\$2,705,476	\$2,682,713	\$2,542,444
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	219.52%	197.59%	204.71%	203.43%	202.94%	172.42%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:

Only the last seven 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

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	\$ 495,460	\$ 507,590	\$ 462,444	\$ 423,979	\$ 398,484	\$ 371,732	\$ 359,752
Contributions in relation to the contractually required contribution:							
Contribution deficiency (Excess)	\$ 495,460	\$ 507,590	\$ 462,444	\$ 423,979	\$ 398,484	\$ 371,732	\$ 359,752
City of Seneca covered-employee payroll	\$ 2,716,209	\$ 2,782,839	\$ 2,682,391	\$ 2,610,710	\$ 2,798,343	\$ 2,705,476	\$ 2,682,713
Contributions as a percentage of covered-employee payroll	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

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

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***FEDERAL FINANCIAL ASSISTANCE
SECTION***

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City of Seneca
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor /Program Title	Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation Passed through SC Dept. of Transportation CARES Act Transit Funding Phase I (Section 5311)	*** 20.509	PT-20N7CA-06	\$ 1,155,595
Bus and Bus Facilities Formula Grant	20.526	PT-9N739-01	1,685
Total US Department of Transportation			1,157,280
US Department of Housing and Urban Development Passed through SC Department of Commerce Community Development Block Grants	14.228	4-CE-19-011	323,703
US Department of the Treasury Passed through the SC Department of Administration Coronavirus Relief Fund	21.019	N/A	149,933
US Department of Homeland Security Passed through S.C. Adjutant General's Office Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total 97.036	97.036 97.036 97.036	FEIMA 4542 - PW 0042 FEIMA 4479 - PW 0071 FEIMA 4542 - PW 0035	7,500 14,857 32,115 <u>54,472</u>
Total Federal Assistance Expended			\$ 1,685,388

*** Major Programs
There were no expenditures to subrecipients for the year ended June 30, 2021

Note 1. Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Seneca and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Note 2. Indirect Cost Rate
The City has elected not to use the de minimis cost rate allowed under Uniform Guidance.

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**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, 2021, 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 March 26, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.



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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

March 26, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Seneca, South Carolina's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Seneca, South Carolina's major federal programs for the year ended June 30, 2021. The City of Seneca, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Seneca, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Seneca, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Seneca, South Carolina's compliance.



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Opinion on Each Major Federal Program

In our opinion, the City of Seneca, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City of Seneca, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Seneca, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Seneca, South Carolina's internal control over compliance.

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

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

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

Stancil Cooley Estep & Stamey, LLP

Seneca, South Carolina
March 26, 2022

CITY OF SENECA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2021

A. SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unmodified opinion on the financial statements of the City of Seneca.

No material weaknesses and no significant deficiencies relating to the audit of the financial statements are reported in the "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".

No instances of noncompliance material to the financial statements of the City of Seneca were disclosed during the audit.

No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance".

The auditor's report on compliance for the major federal award programs for the City of Seneca expresses an unmodified opinion on all major federal programs.

There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) reported in this Schedule.

The programs tested as major include:

- *CARES Act Transit Funding Phase 1 (Section 5311), Grant #PT-20N7CA-06 CFDA # 20.509*

The threshold for distinguishing Types A and B programs was \$750,000.

The City of Seneca did not qualify to be a low-risk auditee.

B. FINDINGS.....FINANCIAL STATEMENTS AUDIT.....NONE

C. FINDINGS AND QUESTIONED COSTS.....MAJOR FEDERAL AWARD PROGRAMS AUDIT.....NONE

**CITY OF SENECA
SCHEDULE OF SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2021**

No prior year audit findings.