



CITY OF SENECA

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2023

**CITY OF SENECA, SOUTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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## **INTRODUCTORY SECTION**



## CITY OF SENECA

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221 East North First Street  
Seneca, South Carolina 29679  
864.885.2721 Fax 864.885.2701

**T. Scott Moulder**  
**City Administrator**  
smoulder@seneca.sc.us

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### LETTER OF TRANSMITTAL

April 11, 2024

Mayor and Governing Body  
City of Seneca  
Seneca, South Carolina

We are pleased to present the Annual Comprehensive Financial Report for the City of Seneca for the fiscal year ended June 30, 2023. State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement, to provide financial information about the City's operations during the year, and to describe its financial position at the end of the year.

Management assumes full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Seneca. To provide a reasonable basis for making these representations, management of the City of Seneca has established comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Seneca's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

For the fiscal year ended June 30, 2023, Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified opinion on the City of Seneca's financial statements. The independent auditor's report is located at the beginning of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The City of Seneca receives federal financial assistance subject to the requirements of the United States Uniform Guidance. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration

of federal awards. These reports are presented in the Compliance Section of the Annual Comprehensive Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Managements' Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Seneca's MD&A can be found in the Financial Section of the Annual Comprehensive Financial Report.

### ***Municipal Profile***

Located in the state's most northwestern county of Oconee in South Carolina, the City of Seneca was chartered in 1873 and incorporated on March 14, 1874, as Seneca City, a name derived from the indigenous Cherokee people located on the banks of the nearby Seneca River. In 1906, the Secretary of State granted a new charter and "City" was dropped from the name.

The City operates under a Mayor-Council form of government. The Council is comprised of a Mayor and eight council members to be elected from the municipality at large for terms of four years each as provided in section 5-9-10 et seq., Code of Laws of South Carolina 1976. Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Mayor and Council for the proper administration of all affairs of the municipality. Departments of the City provide a full range of municipal services such as police and fire protection, planning and zoning, recreational activities, public transportation, residential and commercial waste removal, and water, sewer, and electric utilities.

### ***Local Economy***

Seneca is located in southeastern Oconee County, South Carolina which is the northwestern-most county in the state of South Carolina. Seneca is the largest City in the county in both size, 7.55 square miles, and population, more than 8,700 residents. The temperature, climate, lakes, rivers, and blue ridge mountains have given Oconee County the nickname "Golden Corner". The City of Seneca's location on Lake Keowee and in the central-portion of the County makes it an ideal location for tourism and development because of its access to numerous natural resources.

Although Seneca is small, its proximity to a larger area – Clemson and Greenville – influences housing stock and growth and is growing more quickly than projected. This is demonstrated within our assessed and market values of property taxes provided from the Oconee County Assessor's Office. From FY22 to FY23, real property taxes increased by 9.31% and total taxable assessed value increased by 10.11%. This growth has also allowed Seneca to maintain the tax rate of 62.7 mills for 5 years while continuing to provide services to its citizens.

### ***Long-term Financial Planning***

As set forth in the South Carolina Code of Laws Title 6, Chapter 29, the City of Seneca adopted its Comprehensive Plan on January 10, 2023. This foundational planning document provides guidance on long-range strategic direction to the elected and appointed officials and administrative staff as programs, policies, and projects are developed.

Designed to help the City prioritize and execute the Plan's goals and strategies, the priority investment element outlines coordination with governmental entities and enables strategic utilization of funding sources. Required under the South Carolina Priority Investment Act, this priority ensures that local governments examine potential federal, state, and local funds available to use for public investments and then prioritizes the expenditures based on availability.

### ***Financial Policies***

Management of the City of Seneca is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Financial decisions are guided by formal and informal financial policies designed to provide a consistent and measurable framework for decision makers within the City.

The annual budget serves as the foundation for the City's financial planning and control. The South Carolina General Statutes require all governmental units to adopt a balanced budget by July 1<sup>st</sup> of each year for all funds for which an annual budget is required. Activities for the General Fund, Light & Water Fund, and Hospitality Fund are budgeted annually and prepared by fund and department. The City maintains budgetary controls with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within an individual fund. The City Administrator presents the proposed budget to Council for review, and approval. The City Administrator is authorized to transfer funds, as necessary, within the same fund so far as the total amount of the approved budget does not differ from what was previously approved by Mayor and Council.

### ***Major Initiatives***

Tornado Recovery – The City of Seneca continues to recover from the tornado that struck downtown and surrounding areas of the city on April 13, 2020. Management continues to work with FEMA for recovery of over \$8 million. To date, FEMA has reimbursed the City of Seneca roughly \$3 million.

Downtown Revitalization – A great and expanding diversity of business opportunities in the Seneca area is continuing to draw new investors, both large and small, to our city. City leaders have prioritized public investment into the core downtown business district while providing incentives for private partnerships to encourage economic development, redevelopment, and tourism. The City of Seneca has begun construction of a Fine Arts Center with an estimated 700+ seating capacity to meet the demand from merchants in downtown Seneca who continue to stress the need for increased foot traffic in downtown to support the sustainability and growth of their existing businesses. A grant of \$10 million has been awarded to the city from the state of South Carolina for the renovation of an existing 27,000 square foot big box historic building. This funding will provide jobs, attract investors, and stimulate local economies within the arts and cultural industries.

The City of Seneca also received a \$12 million grant from the State of South Carolina to be used for any financial gap in the above renovation of the Fine Arts Center and to complete other downtown revitalization projects.


### ***Awards***

The Government Finance Officers Association of the United States and Canada ("GFOA") Certificate of Achievement for Excellence in Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Seneca staff has made great strides towards improving the ACFR and anticipate that in fiscal year 2024 the report will conform to the Certificate of Achievement program requirements, allowing submission for the first time.

### ***Acknowledgements***

The preparation of the Annual Comprehensive Financial Report was made possible by the efficient and dedicated services of the entire Finance team, as well as the accounting firm of Mauldin & Jenkins, LLC. We also would like to extend our gratitude to the Mayor and Council for their continued encouragement and support in planning and directing the financial operations of the City in a responsible manner.

Respectfully submitted,



T. Scott Moulder  
City Administrator



CITY OF SENECA  
LIST OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2023

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**Mayor**

Daniel W. Alexander

**Mayor Pro-Tem**

Ronnie O’Kelley

**Council Members**

Lakesha Benson  
Scott Durham  
Ernest E. Riley  
WC Honeycutt Jr.

Dana Moore  
Denise Rozman  
Joel Ward

**City Administrator**

T. Scott Moulder

**City Attorney**

Bo Bowman

**Department Directors**

Chief Municipal Judge  
Finance Director  
Planning & Development Director  
Police Chief  
Fire Chief  
Public Works Director  
Recreation Director  
Beautification Director  
Arts, History & Culture Director  
Director of Utilities

Katie Cox  
Josh Riches  
Ed Halbig  
Casey Bowling  
Richie Caudill  
Ernest Beck  
Rick Lacey  
Eric Shuler  
Shelby Henderson  
Robert Faires

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, the Schedules of the City's Proportionate Share of the Net Pension Liability, and the Schedules of Employer Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules for the major proprietary funds, the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, the Schedules of Budgeted to Actual Costs – SCDOT Grants, and the Uniform Schedule of Court Fines, Assessments, and Surcharges, as required by the State of South Carolina (collectively the "Supplementary Information") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other Information***

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

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

***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seneca, South Carolina's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
April 11, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF SENECA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023

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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, 2023. 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 \$65,754,216 (net position).
- The government's total net position increased by \$12,409,842 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 \$2,947,257.
- Seneca Downtown Improvements, a Special Revenue Fund is considered a major fund this fiscal year and restricted fund balance at the end of the current fiscal year was \$9,460,805.
- On July 1, 2005, the City issued \$12,500,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. On March 29, 2012, the City issued \$8,350,000 of revenue bonds to provide resources for future debt service payments on the July 1, 2005 bonds. On September 26, 2013, the City issued \$5,840,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. 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 \$1,295,049, leaving an outstanding balance of \$4,599,419 at June 30, 2023. 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 provided funding for improvements at the Seneca Industrial Complex, as well as construction of the Public Works Facility that has begun. The expected completion of this facility is during fiscal year 2024.
- 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 and intend on using FEMA reimbursement funds to payoff the outstanding principal balance in FY24.
- The City of Seneca has been able to use American Rescue Plan Funding for revenue replacement and improvements to the water and sewer infrastructure.



- 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. The City of Seneca incurred millions of dollars in costs that 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. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on the City of Seneca's assets and liabilities, with the difference between the two 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. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

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, Seneca Facilities Corporation Fund, Seneca Improvements Corporation Fund. The Seneca Light and Water Fund handles electric distribution, sewer collection, water collections, and processing and distribution, while the Seneca Facilities Corporation Fund leases building space for warehousing and manufacturing and the Seneca Improvements Corporation Fund aids in the development and revitalization of downtown.

### **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 reported using an accounting method called modified accrual accounting and 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 - General and Special Revenue (Local Hospitality, State Accommodations Tax, Transit, C-Funds, American Rescue Plan Act, Policeman's Fund, Museum Account, and Narcotics Operating). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Downtown

Seneca Improvements Fund. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the individual budgets.

### ***Proprietary funds***

The City of Seneca maintains three proprietary funds: Light & Water, Seneca Facilities Corporation and Seneca Improvements Corporation. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements.

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 all considered to be major funds.

### ***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.

### **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.

### **Other information**

In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for the general fund, the City's major governmental fund, as required by General Statutes. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance. The City sponsors the General Employees' Retirement Plan, a single-employer defined benefit pension plan. The City has provided the required schedules for the City Pension Plan as required by GAAP. Required pension schedules have also been included which provide relevant information regarding the City's participation in the South Carolina Police Officers Retirement System.

Supplementary information, which includes combining and individual fund financial statements, budgetary schedules of the City’s governmental and proprietary funds, a schedule of fines, assessments and surcharges, and schedules of budgeted to actual costs for the SC Department of Transportation are presented immediately following the required supplementary information.

**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 \$65,754,218 at the close of the most recent fiscal year.

City of Seneca's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
Current and Other Assets	\$ 18,680,440	\$ 10,967,984	\$ 17,714,693	\$ 21,918,472	\$ 36,395,133	\$ 32,886,456
Net Capital Assets	17,031,957	15,716,943	75,625,645	69,791,769	92,657,602	85,508,712
Total Assets	\$35,712,397	\$26,684,927	\$93,340,338	\$91,710,241	\$129,052,735	\$118,395,168
Long-term Debt Outstanding	\$ 13,801,476	\$ 12,580,158	\$ 28,907,559	\$ 31,547,658	\$42,709,035	\$44,127,816
Other Liabilities	4,671,740	5,061,849	15,917,741	15,449,828	20,589,481	20,511,677
Total Liabilities	\$ 18,473,216	\$17,642,007	\$44,825,300	\$46,997,486	\$63,298,516	\$64,639,493
Net Assets						
Investment in Capital (net of related debt)	\$ 14,078,608	\$ 12,627,473	\$ 52,806,050	\$ 43,762,996	\$66,884,658	\$56,390,469
Restricted	10,399,173	3,089,470	1,264,796	3,973,315	11,663,969	7,062,785
Unrestricted	(7,238,600)	(6,674,023)	(5,555,808)	(3,023,556)	(12,794,408)	(9,697,579)
Total Net Position	\$ 17,239,181	\$ 9,042,920	\$ 48,515,037	\$44,712,755	\$ 65,754,218	\$ 53,755,675

By far the largest portion of the City of Seneca’s net position (101.7% 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.

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 increased by \$8,607,562. Key factors included in this increase are as follows:

- State aid received for improvements in downtown Seneca of \$10,000,000 which increased program revenues and general revenues by \$8,524,542.

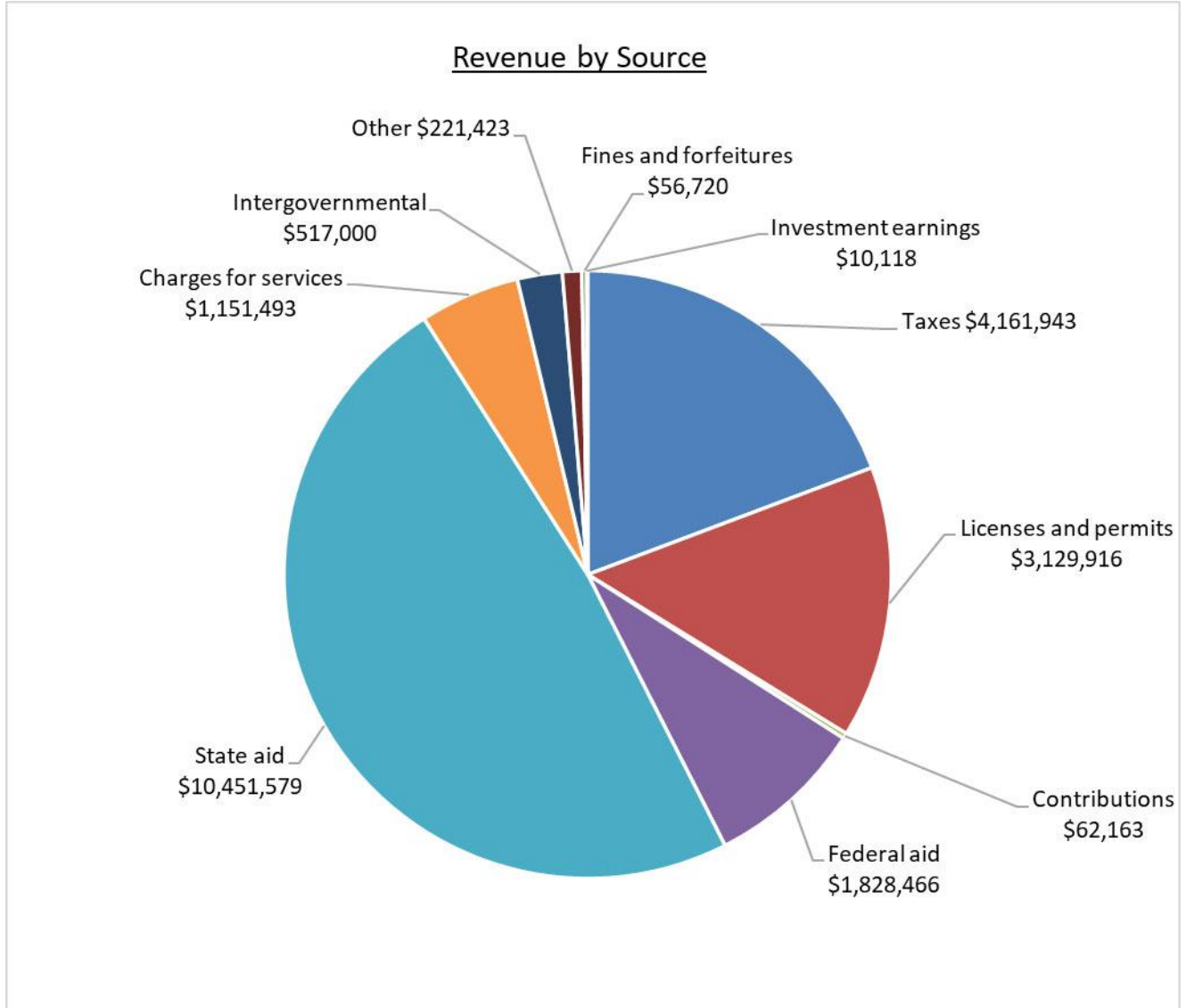
- Decreased governmental expenses of \$368,872.
- Prior period adjustment which resulted in a decrease of \$411,300 to the governmental net position.

The table below summarizes the changes in net position for fiscal year 2023.

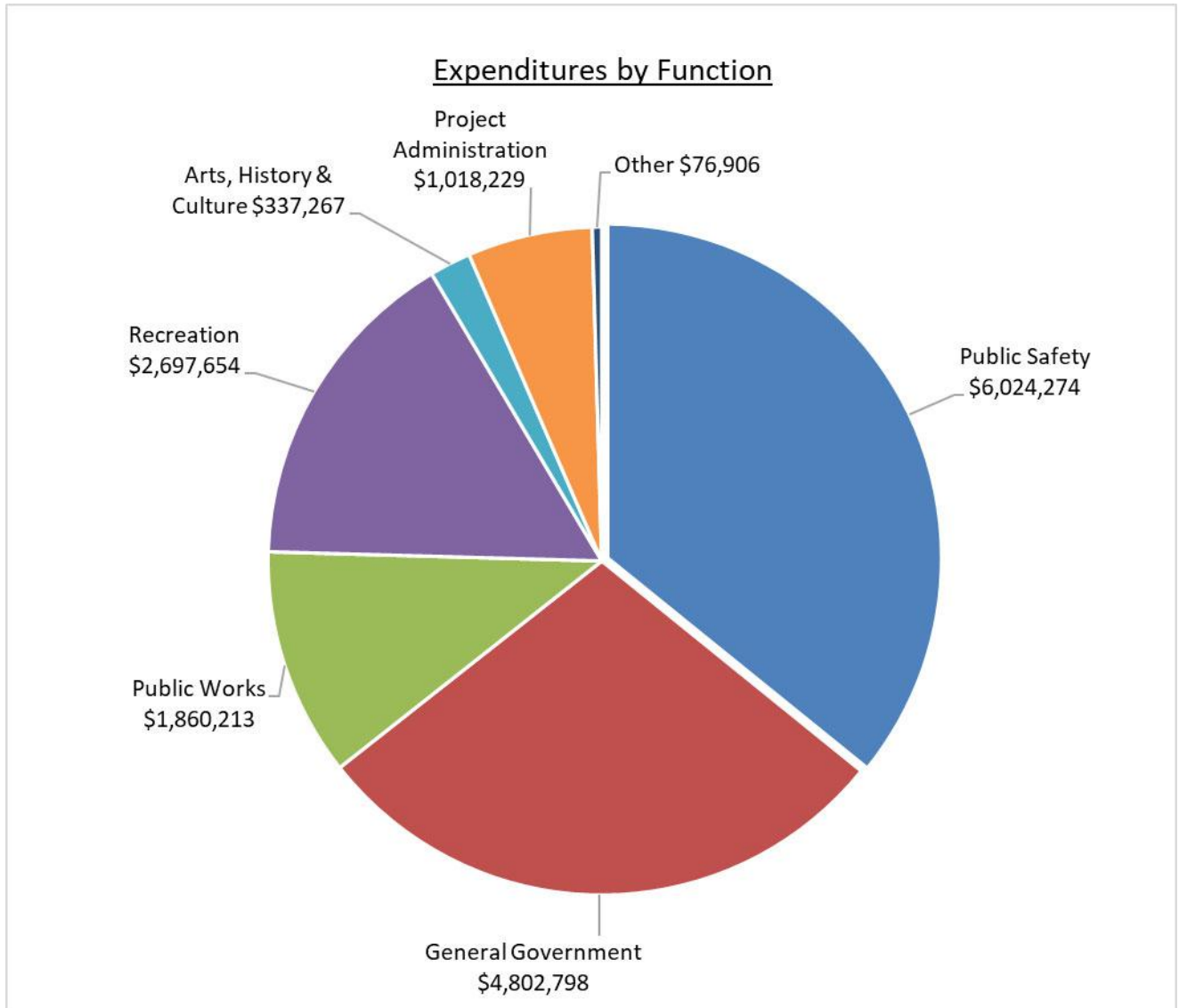
City of Seneca's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
REVENUES:						
Program Revenues:						
Charges for sales and services	4,338,129	4,118,230	35,243,156	\$34,460,124	\$39,581,285	\$38,578,354
Operating grants & contributions	13,470,681	4,937,301				
General revenues:						
Property taxes	4,161,943	3,770,374	-	-	4,161,943	3,770,374
Other revenues	293,705	245,671	-	-	293,705	245,671
Sale of fixed assets	66,612	(280,459)	-	-	66,612	(280,459)
Insurance recovery	61,612	84,707				
Grants and contributions not restricted to specific programs	1,332,318	2,324,634	-	-	1,332,318	2,324,634
			169,516	1,153,438	169,516	1,153,438
Total revenues	\$23,725,000	\$15,200,458	35,412,672	\$35,613,562	\$45,605,379	\$45,792,012
EXPENSES:						
General government	4,802,798	4,315,394	-	-	\$4,802,798	\$4,315,394
Public safety	6,024,274	6,414,398	-	-	6,024,274	6,414,398
Public Works	1,860,213	2,757,699	-	-	1,860,213	2,757,699
Recreation	2,697,654	2,192,828	-	-	2,697,654	2,192,828
Arts, History & Culture	337,267	356,603	-	-	337,267	356,603
Project Administration	1,018,229	1,091,606	-	-	1,018,229	1,091,606
Other	76,906	30,668	2,021,708	2,069,134	2,098,614	2,099,802
Administration	-	-	4,946,255	4,425,338	4,946,255	4,425,338
Electric	-	-	12,006,906	11,863,444	12,006,906	11,863,444
Water	-	-	5,119,481	5,150,949	5,119,481	5,150,949
Sewer	-	-	5,228,685	4,619,953	5,228,685	4,619,953
Interest on Long Term debt	-	-	587,452	643,654	587,452	643,654
Total expenses	\$16,817,341	\$17,159,196	\$29,910,487	\$28,772,472	\$46,727,828	\$45,931,668
Increase in net position before transfers	6,907,660	(1,958,738)	5,502,185	6,841,090	12,409,844	4,882,352
Transfer	1,699,902	4,662,390	(1,699,902)	(4,662,390)	-	-
Increase in net position	8,607,562	2,703,652	3,802,282	2,178,700	12,409,843	4,882,352
Beginning net position	9,042,920	6,339,268	44,712,755	42,534,055	53,755,675	48,873,323
Prior-period adjustment	(411,300)	-	-	-	(411,300)	-
Ending net position	\$17,239,181	\$9,042,920	\$48,515,037	\$44,712,755	\$65,754,218	\$53,755,675

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 for the fiscal year ended June 30, 2023.



The figure below represents the expenditures of all governmental activities. The majority of expenditures come from public safety (Police and Fire), the next highest is General government (Municipal Judge, Mayor & Council, Finance/Administration, Planning & Development, and Beautification). The City of Seneca ended the year with an increase in net position of \$8,607,562.

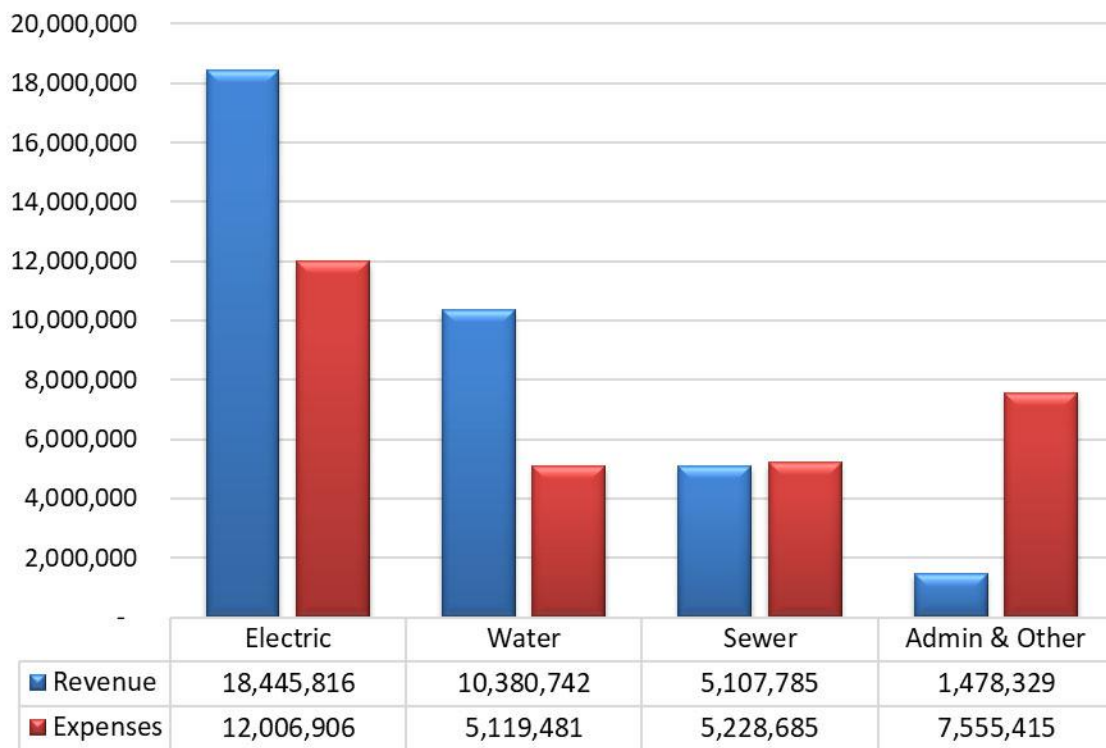


## Business-type activities

Business-type activities increased the City of Seneca’s net position by \$3,802,283. Key elements of the increase are as follows:

- Operating revenues exceed operating expenses by \$5,617,166 for Light & Water.
- Operating revenues for Seneca Facilities Corp and Seneca Improvements Corp Funds combined exceed operating expenses by \$302,953.
- Seneca Improvements Corp had an expense of \$1,594,574 which was a capital contribution that transferred the Public Works building to the general fund.

## 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.

The General Fund is the chief operating fund of the City. At the end of the fiscal year ending June 30, 2023, the total fund balance was \$3,064,450 while total assets were \$3,943,570. Of that total, \$117,192 is in nonspendable form for inventory and prepaid expenses and the remaining fund balance of \$2,947,257 is unassigned.

Downtown Seneca Improvements is a special revenue that is a major fund for the fiscal year ended June 30, 2023. Of the total governmental fund balance of \$13,524,164, 70% represents restricted fund balance for this special revenue.

Governmental unrestricted net assets at June 30, 2023 was \$(7,238,600) due to the change in accounting principle GASB 68. GASB 68 requires the City to record a pension liability of \$11,504,501 for Governmental Funds. The remainder of the 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 .

## **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.

As of June 30, 2023, unrestricted net position of the Light and Water Fund was \$(7,382,678), as compared to \$(4,524,698) last fiscal year; this is a result of the increased net pension and current liabilities, along with decreased current assets, specifically cash on hand. The Seneca Facilities Corporation Fund handles the activity at the Industrial Complex on Shiloh Road and its unrestricted net position at the fiscal year end was \$700,007. The restricted net position was \$5,344, a decrease of \$1,497,559; this is a result of drawing down most of the remaining funds held in a separate account for the new Public Works building that is located at the Seneca Industrial Complex. The Seneca Improvements Corporation Fund aids with economic business establishment and retention for the City of Seneca. The unrestricted net position of the Seneca Improvements Corporation Fund at fiscal year-end was \$1,126,861.

Total noncurrent assets was \$80,949,566 at June 30, 2023. Light and Water was \$66,170,447, an increase of \$3,074,589; this increase is a result of additional projects that include ongoing maintenance and upgrades for the utility infrastructure. Seneca Facilities Corporation was \$10,643,528 an increase of \$1,100,476; this increase is a result of an extended lease agreement with Clarios which increased the lease receivable at year end. Seneca Improvements

Corporation was \$4,135,591, an increase of \$2,917,044; this increase is a result of the construction in progress for the Performing Arts Center that is a part of the Downtown Seneca Improvements Special Revenue Fund.

### **General Fund Budgetary Highlights**

In the adopted 2023 budget, the actual operational revenues exceeded budget by \$77,527 while the actual expenditures, including capital outlay, exceed the budgeted expenditures by \$1,077,720. Overall, General Fund expenditures exceeded revenues by \$6,495,736. The following is a brief summary of some of the variances.

- Total property taxes revenue exceeded budget by \$77,527, total licenses and permits revenue exceeded budget by \$183,166, total intergovernmental revenue exceeded budget by \$115,727, and total recreation fees exceeded budget by \$41,191.
- Total actual capital outlay exceeded budget by \$686,132; however, this was due to the budgeted use of American Rescue Plan funding for revenue replacement to purchase essential capital for public safety, public works, recreation, and arts, and history and culture. These expenditures were offset with a transfer in from the ARPA fund. Also, the City issued a new capital lease for machinery and equipment that was offset by reimbursement for capital items.
- Capital outlay for recreation consists of numerous improvements to the dugouts, Shaver complex, Kellett field and many other crucial improvements needed for the expansion of the youth programs in Seneca. These improvements totaled roughly \$332,000.

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, 2023 amounts to \$92,657,601 (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 was \$4,376,262, an increase of \$1,101,964; this increase is from additional upgrades and improvements to the infrastructure for electrical, sewer and water.
- Construction in Progress for Seneca Improvements Corporation was \$3,001,119, an increase from prior year because of the Harper's building renovation which is over \$2 million of the cip total.

- Construction in Progress increased in Governmental Activities because of ongoing projects at the Shaver Complex, the new police building and the new public works building.
- The total increase in the City of Seneca's net capital assets for the current fiscal year was \$7,148,890, resulting from an increase of \$1,315,014 for Governmental Activities and an increase of \$5,833,876 for Business-type Activities.

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

	Governmental Activities		Business-type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
Land	1,327,312	1,327,312	1,283,498	1,283,498	2,610,810	2,610,810
Building and system	4,104,608	3,757,082	14,766,000	15,955,131	18,870,608	19,712,213
Improvement other than Building	4,990,280	4,363,104	50,612,092	49,145,075	55,602,372	53,508,179
Machinery and equipment	2,804,571	2,660,568	626,263	617,525	3,430,834	3,278,093
Vehicles	1,710,001	2,316,067	960,409	956,527	2,670,410	3,272,594
Construction in Progress	2,095,186	1,292,810	7,377,382	1,834,013	9,472,568	3,126,823
<b>Total</b>	<b>17,031,957</b>	<b>15,716,943</b>	<b>75,625,645</b>	<b>\$69,791,769</b>	<b>\$92,657,602</b>	<b>\$85,508,712</b>

## Debt

As of June 30, 2023, the City had a total bond indebtedness outstanding of \$23,750,483, of which \$1,975,000 in general obligation bonds that is backed by the full faith and credit of the City. The City has not passed on that portion of debt to its citizens and plan to pay the GO Bonds off when reimbursed from FEMA. The City has \$8,564,419 in revenue bonds outstanding and \$13,211,064 in state revolving fund loans outstanding. The City's total bonded debt decreased by \$2,971,886 during the year. The State of South Carolina limits the amount of non-voter approved general obligation debt that a unit of government can issued to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory limit at June 30, 2023, was \$1,975,000.

	Governmental Activities		Business-type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
General Obligation Bonds	\$ 1,975,000	\$ 2,350,000	\$ -	\$ -	\$ 1,975,000	\$ 2,350,000
Revenue Bonds	-	-	8,564,419	10,239,468	8,564,419	10,239,468
State Revolving Fund	-	-	13,211,064	14,132,901	13,211,064	14,132,901
<b>Total</b>	<b>\$ 1,975,000</b>	<b>\$ 2,350,000</b>	<b>\$ 21,775,483</b>	<b>\$ 24,372,369</b>	<b>\$ 23,750,483</b>	<b>\$ 26,722,369</b>

## **Future Outlook**

The management of the City of Seneca strives to remain a fiscally stable municipal government through the budget process, audit process, and internal controls. Maintaining appropriate levels of liquid assets in order to meet cash flow requirements throughout the fiscal year has continuously been top priority for management and staff. Covid-19 and the F-3 tornado that devastated the City of Seneca on April 13, 2020, has helped our team better prepare for the unknown.

With a loss of over \$8 million, the City of Seneca is still working towards receiving reimbursement from FEMA for the tornado. This loss has established a more stringent budget process. During the preparation of future budgets, the City will continue to provide its citizens with the highest level of service.

## **Economic Factors**

In fiscal year 2023, 22.886 commercial 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 2023, 23 residential building permits were issued with a total value of \$9,694,038.86.

Seneca Light and Water is saving on the cost of electricity through the 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 9.76% percent from \$835,600,494 in 2022 to \$917,140,984 in 2023.

## **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.

## **BASIC FINANCIAL STATEMENTS**

CITY OF SENECA  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 3,981,785	\$ 1,304,283	\$ 5,286,068
Investments	9,548,303	97,855	9,646,159
Receivables			
Property taxes	85,383	-	85,383
Accounts	975,128	3,982,239	4,957,367
Lease	-	5,602,621	5,602,621
Financed purchase	-	559,687	559,687
Other	-	260,465	260,465
Prepaid expenses	130,321	47,896	178,218
Internal balances	61,077	(61,077)	-
Due from other governments	1,809,465	-	1,809,465
Inventory	47,413	2,805,255	2,852,668
Restricted cash	19,203	1,438,257	1,457,460
Capital assets:			
Land and construction in progress	3,422,497	8,660,879	12,083,376
Other capital assets, net of depreciation	13,609,460	66,964,765	80,574,225
<b>Total assets</b>	<b>\$ 33,690,036</b>	<b>\$ 91,663,125</b>	<b>\$ 125,353,161</b>
<b>Deferred outflow of resources</b>			
Deferred bond loss	\$ -	\$ 149,553	\$ 149,553
Deferred pension charges	2,020,333	1,527,658	3,547,991
<b>Total deferred outflows of resources</b>	<b>\$ 2,020,333</b>	<b>\$ 1,677,211</b>	<b>\$ 3,697,544</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,374,449	\$ 918,306	\$ 2,292,755
Accrued expenses	201,495	1,219,560	1,421,055
Due to customers	-	1,968,815	1,968,815
Interest payable	24,335	124,092	148,427
Unearned revenue	1,485,246	2,421,731	3,906,976
Noncurrent liabilities, net:			
Due within one year	1,189,890	3,382,589	4,572,479
Due in more than one year	2,296,975	20,064,764	22,361,739
Net pension liability	11,504,501	8,842,795	20,347,296
<b>Total liabilities</b>	<b>\$ 18,076,890</b>	<b>\$ 38,942,653</b>	<b>\$ 57,019,543</b>
<b>Deferred inflow of resources</b>			
Deferred pension credits	\$ 394,298	\$ 296,886	\$ 691,184
Lease receipts	-	5,585,762	5,585,762
<b>Total liabilities</b>	<b>\$ 394,298</b>	<b>\$ 5,882,648</b>	<b>\$ 6,276,946</b>
<b>Net position</b>			
Net investment in capital assets	\$ 14,078,608	\$ 52,806,050	\$ 66,884,658
Restricted for:			
Debt service	2,953,349	1,264,796	4,218,145
Other	7,445,823	-	7,445,823
Unrestricted	(7,238,600)	(5,555,811)	(12,794,411)
<b>Total net position</b>	<b>\$ 17,239,181</b>	<b>\$ 48,515,035</b>	<b>\$ 65,754,216</b>

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

Functions/programs	Expenses	Program revenues			Net (expense) revenue & changes in net position		
		Charges for services	Operating grants & contributions	Capital grants & contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities							
General government	\$ 4,802,798	\$ 3,129,916	\$ 39,747	\$ -	\$ (1,633,134)	\$ -	\$ (1,633,134)
Public safety	6,024,274	56,720	650,000	-	(5,317,554)	-	(5,317,554)
Public works	1,860,213	1,151,493	1,869,071	-	1,160,350	-	1,160,350
Recreation	2,697,654	-	74,500	-	(2,623,154)	-	(2,623,154)
Arts, history & culture	337,267	-	-	-	(337,267)	-	(337,267)
Project administration	1,018,229	-	10,837,363	-	9,819,134	-	9,819,134
Other	76,906	-	-	-	(76,906)	-	(76,906)
<b>Total governmental activities</b>	<b>\$ 16,817,340</b>	<b>\$ 4,338,129</b>	<b>\$ 13,470,681</b>	<b>\$ -</b>	<b>\$ 991,470</b>	<b>\$ -</b>	<b>\$ 991,470</b>
Business-type activities							
Electric	\$ 12,006,906	\$ 18,445,816	\$ -	\$ -	\$ -	\$ 6,438,910	\$ 6,438,910
Water	5,119,481	10,380,742	-	-	-	5,261,261	5,261,261
Sewer	5,228,685	5,107,785	-	-	-	(120,900)	(120,900)
Admin	4,946,255	-	-	-	-	(4,946,255)	(4,946,255)
Other	2,021,709	1,308,812	-	-	-	(712,896)	(712,896)
Interest	587,452	-	-	-	-	(587,452)	(587,452)
<b>Total business activities</b>	<b>\$ 29,910,489</b>	<b>\$ 35,243,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,332,667</b>	<b>\$ 5,332,667</b>
<b>Total primary government</b>	<b>\$ 46,727,829</b>	<b>\$ 39,581,285</b>	<b>\$ 13,470,681</b>	<b>\$ -</b>	<b>\$ 991,470</b>	<b>\$ 5,332,667</b>	<b>\$ 6,324,137</b>
<b>General revenues:</b>							
Taxes					\$ 4,161,943	\$ -	\$ 4,161,943
Federal aid, not restricted for specific purposes					1,122,238	-	1,122,238
State aid, not restricted for specific purposes					210,080	-	210,080
Investment earnings					10,118	159,296	169,414
Other					283,587	-	283,587
Gain on sale of fixed assets					66,612	-	66,612
Insurance recovery					61,612	10,220	71,832
Transfers					1,699,902	(1,699,902)	-
<b>Total general revenues and transfers</b>					<b>\$ 7,616,092</b>	<b>\$ (1,530,387)</b>	<b>\$ 6,085,705</b>
Change in net position					\$ 8,607,562	\$ 3,802,280	\$ 12,409,842
Net position - beginning of year, as previously reported					\$ 9,042,920	\$ 44,712,755	\$ 53,755,675
Prior period adjustment							
Correction of error					\$ (411,300)	\$ -	\$ (411,300)
Net position - beginning of year, as restated					\$ 8,631,620	\$ 44,712,755	\$ 53,344,375
Net position - end of year					<b>\$ 17,239,181</b>	<b>\$ 48,515,035</b>	<b>\$ 65,754,217</b>

CITY OF SENECA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Governmental Fund Types			
	General	Downtown Seneca Improvements	Total Non-Major Funds	Total
<b>Assets</b>				
Cash	\$ 767,454	\$ 619,194	\$ 2,595,137	\$ 3,981,785
Investments	97,560	9,450,743	-	9,548,303
Receivables (net of allowance)				
Property taxes	85,383	-	-	85,383
Accounts	671,512	-	303,616	975,128
Prepaid expenses	69,779	-	60,542	130,321
Restricted cash	-	-	19,203	19,203
Due from other funds	2,107,609	-	-	2,107,609
Due from other governments	96,860	-	1,712,605	1,809,465
Inventory	47,413	-	-	47,413
<b>Total assets</b>	<b>\$ 3,943,570</b>	<b>\$ 10,069,937</b>	<b>\$ 4,691,104</b>	<b>\$ 18,704,611</b>
<b>Liabilities</b>				
Accounts payable	\$ 532,768	\$ 589,839	\$ 251,842	\$ 1,374,449
Accrued expenses	201,495	-	-	201,495
Due to other funds	-	19,293	2,027,239	2,046,532
Unearned revenue	72,132	-	1,413,114	1,485,246
<b>Total liabilities</b>	<b>\$ 806,395</b>	<b>\$ 609,132</b>	<b>\$ 3,692,195</b>	<b>\$ 5,107,721</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	\$ 72,725	\$ -	\$ -	\$ 72,725
<b>Funds balances</b>				
<b>Nonspendable:</b>				
Inventory	\$ 47,413	\$ -	\$ -	\$ 47,413
Prepaid expenses	69,779	-	60,542	130,321
<b>Restricted:</b>				
Special projects	-	9,460,805	938,367	10,399,172
Unassigned	2,947,257	-	-	2,947,257
<b>Total fund balances</b>	<b>\$ 3,064,450</b>	<b>\$ 9,460,805</b>	<b>\$ 998,909</b>	<b>\$ 13,524,164</b>
<b>Total liabilities, deferred outflows and inflows of resources and fund balances</b>				
	<b>\$ 3,943,570</b>	<b>\$ 10,069,937</b>	<b>\$ 4,691,104</b>	<b>\$ 18,704,611</b>



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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	13,524,164
Amounts reported for the governmental activities in the statement of net position are different because:			
Some property taxes receivable are not available to pay current period expenditures and are deferred in the funds.			72,725
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 \$43,974,269 and the accumulated depreciation is \$26,942,312.			17,031,957
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.			(9,878,466)
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:			
Financed purchases	(978,349)		
Bonds payable	(1,975,000)		
Compensated absences	<u>(533,516)</u>		(3,486,865)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as and expenditure when due.		\$	<u>(24,335)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b>\$</b>	<b><u><u>17,239,181</u></u></b>

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

	General	Downtown Seneca Improvements	Total Non-Major Funds	Total
<b>Revenues</b>				
Taxes	\$ 2,872,527	\$ -	\$ 1,314,847	\$ 4,187,374
License and permits	3,129,916	-	-	3,129,916
Federal aid	74,500	-	1,753,966	1,828,466
State aid	249,827	10,000,000	201,752	10,451,579
County aid	650,000	-	1,872,954	2,522,954
Other intergovernmental	517,000	-	-	517,000
Charges for services	1,151,493	-	-	1,151,493
Fines and forfeitures	56,720	-	-	56,720
Investment earnings	813	9,123	182	10,118
Contributions	-	-	62,163	62,163
Other revenues	193,659	-	27,764	221,423
<b>Total revenues</b>	<b>\$ 8,896,455</b>	<b>\$ 10,009,123</b>	<b>\$ 5,233,628</b>	<b>\$ 24,139,206</b>
<b>Expenditures</b>				
<b>Current operating</b>				
General government	\$ 2,179,096	\$ -	\$ -	\$ 2,179,096
Public safety	6,113,148	-	-	6,113,148
Public works	1,897,660	-	56,117	1,953,777
Project administration	-	-	1,018,229	1,018,229
Recreation	1,346,576	-	1,180,893	2,527,469
Arts, History & Culture	345,764	-	-	345,764
Non-departmental	1,381,505	-	73,125	1,454,630
<b>Capital outlay</b>				
General government	133,666	-	10,000	143,666
Public safety	157,330	-	-	157,330
Public works	816,906	-	-	816,906
Recreation	159,712	-	-	159,712
Arts, History & Culture	142,138	-	-	142,138
Benefits	-	-	52,571	52,571
<b>Debt service</b>				
Principal retirement	653,121	-	-	653,121
Interest and fiscal charges	65,568	-	-	65,568
<b>Total expenditures</b>	<b>\$ 15,392,191</b>	<b>\$ -</b>	<b>\$ 2,390,935</b>	<b>\$ 17,783,126</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (6,495,736)	\$ 10,009,123	\$ 2,842,693	\$ 6,356,081
<b>Other financing sources (uses)</b>				
Transfers in	\$ 6,214,060	\$ (3,001,119)	\$ 248,386	\$ 3,461,327
Transfers out	(398,161)	-	(2,957,838)	(3,355,999)
Insurance recovery	61,612	-	-	61,612
Sale of fixed assets	158,110	-	-	158,110
<b>Total other financing sources (uses)</b>	<b>\$ 6,035,621</b>	<b>\$ (3,001,119)</b>	<b>\$ (2,709,452)</b>	<b>\$ 325,051</b>
<b>Net change in Fund Balance</b>	<b>\$ (460,115)</b>	<b>\$ 7,008,004</b>	<b>\$ 133,242</b>	<b>\$ 6,681,131</b>
Fund balances, beginning as previously reported	3,524,564	2,452,801	1,276,968	7,254,334
Prior period adjustment				
Correction of error	-	-	(411,300)	(411,300)
Fund balances, beginning as restated	<u>3,524,564</u>	<u>2,452,801</u>	<u>865,667</u>	<u>6,843,032</u>
<b>Fund balances, ending</b>	<b>\$ 3,064,449</b>	<b>\$ 9,460,805</b>	<b>\$ 998,909</b>	<b>\$ 13,524,164</b>

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

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

Net change in fund balances - total governmental funds	\$	6,681,131
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.		544,271
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net positions		(1,288,404)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(25,432)
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 difference between depreciation expense and capital outlays in the current period.		
Capital outlays	\$ 2,974,402	
Depreciation expense	<u>(1,965,558)</u>	1,008,844
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.		(19,209)
Some transfers, between governmental activities and business-type activities including the transfer of long-term assets and long-term liabilities and, therefore, are not reported at the fund level		
Transfer of long-term assets from business-type activities	\$ 1,594,574	
Transfer of long-term liabilities from business-type activities	<u>(517,000)</u>	1,077,574
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest on long-term debt		(24,335)
Repayment of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.		<u>653,121</u>
Change in net position of governmental activities	\$	<u><u>8,607,562</u></u>

CITY OF SENECA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Light &amp; Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash	\$ -	\$ 898,996	\$ 405,287	\$ 1,304,283
Restricted cash	1,259,452	5,344	173,462	1,438,257
Investments	97,855	-	-	97,855
Receivables:				
Accounts receivable, net of allowance	3,905,947	76,292	-	3,982,239
Other receivables	260,465	-	-	260,465
Lease receivable, current	-	780,722	-	780,722
Financed purchase receivable, current	-	-	57,664	57,664
Prepaid expenses	47,896	-	-	47,896
Due from other funds	67,707	-	-	67,707
Inventory	2,805,255	-	-	2,805,255
<b>Total current assets</b>	<b>\$ 8,444,576</b>	<b>\$ 1,761,353</b>	<b>\$ 636,413</b>	<b>\$ 10,842,343</b>
<b>Noncurrent assets</b>				
Lease receivable	-	\$ 4,821,899	\$ -	\$ 4,821,899
Financed purchase receivable	-	-	502,023	502,023
Land	1,042,910	240,588	-	1,283,497
Buildings	15,320,907	3,228,416	189,054	18,738,376
Improvements	84,674,284	3,731,583	484,257	88,890,124
Equipment	7,284,264	6,000	-	7,290,264
Vehicles	4,986,671	-	-	4,986,671
Construction in progress	4,376,262	-	3,001,119	7,377,381
Less, accumulated depreciation	(51,514,851)	(1,384,957)	(40,862)	(52,940,670)
<b>Total noncurrent assets</b>	<b>\$ 66,170,447</b>	<b>\$ 10,643,528</b>	<b>\$ 4,135,591</b>	<b>\$ 80,949,566</b>
<b>Total assets</b>	<b>\$ 74,615,023</b>	<b>\$ 12,404,881</b>	<b>\$ 4,772,004</b>	<b>\$ 91,791,909</b>
<b>Deferred outflow of resources</b>				
Deferred bond loss	\$ 149,553	\$ -	\$ -	\$ 149,553
Deferred pension charges	1,527,658	-	-	1,527,658
<b>Total deferred outflow of resources</b>	<b>\$ 1,677,211</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,677,211</b>

CITY OF SENECA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Light &amp; Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 660,966	\$ 254,207	\$ 3,134	\$ 918,306
Accrued expenses	1,219,560	-	-	1,219,560
Compensated absences	478,205	-	-	478,205
Financed purchase payable, current	245,866	-	-	245,866
State revolving fund loan, current	938,363	-	-	938,363
Bonds payable, current	1,325,154	395,000	-	1,720,154
Customer deposits	1,181,798	-	-	1,181,798
Deferred revenue	2,418,289	-	3,441	2,421,731
Interest payable	86,160	37,932	-	124,092
Due to customers	787,017	-	-	787,017
Due to other funds	123,784	-	5,000	128,784
<b>Total current liabilities</b>	<b>\$ 9,465,164</b>	<b>\$ 687,138</b>	<b>\$ 11,575</b>	<b>\$ 10,163,877</b>
<b>Long-term liabilities</b>				
Financed purchase payable	\$ 947,799	\$ -	\$ -	\$ 947,799
State revolving fund loans	12,272,700	-	-	12,272,700
Bonds payable	3,274,265	3,570,000	-	6,844,265
Net pension liability	8,842,795	-	-	8,842,795
<b>Total long-term liabilities</b>	<b>\$ 25,337,559</b>	<b>\$ 3,570,000</b>	<b>\$ -</b>	<b>\$ 28,907,559</b>
<b>Total liabilities</b>	<b>\$ 34,802,723</b>	<b>\$ 4,257,138</b>	<b>\$ 11,575</b>	<b>\$ 39,071,436</b>
<b>Deferred inflow of resources</b>				
Deferred pension credits	\$ 296,886	\$ -	\$ -	\$ 296,886
Lease receipts	-	5,585,762	-	5,585,762
<b>Total deferred inflow of resources</b>	<b>\$ 296,886</b>	<b>\$ 5,585,762</b>	<b>\$ -</b>	<b>\$ 5,882,648</b>
<b>Net position</b>				
Net investment in capital assets	\$ 47,315,852	\$ 1,856,630	\$ 3,633,568	\$ 52,806,050
Restricted for:				
Debt service	1,259,452	5,344	-	1,264,796
Unrestricted	(7,382,678)	700,007	1,126,861	(5,555,810)
<b>Total net position</b>	<b>\$ 41,192,626</b>	<b>\$ 2,561,981</b>	<b>\$ 4,760,429</b>	<b>\$ 48,515,035</b>

CITY OF SENECA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Light &amp; Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Improvements Corp Fund</u>	<u>Total</u>
Operating revenues				
Charges for services				
Electric	\$ 18,445,816	\$ -	\$ -	\$ 18,445,816
Water	10,380,742	-	-	10,380,742
Sewer	5,107,785	-	-	5,107,785
Lease income	-	837,898	-	837,898
Other	470,915	-	-	470,915
Total operating revenues	<u>\$ 34,405,258</u>	<u>\$ 837,898</u>	<u>\$ -</u>	<u>\$ 35,243,156</u>
Operating expenses				
Light & water administration	\$ 2,206,409	\$ -	\$ -	\$ 2,206,409
I&I department	124,915	-	-	124,915
Billing department	1,111,950	-	-	1,111,950
Engineering department	901,380	-	-	901,380
Electrical department	3,290,821	-	-	3,290,821
Water department	2,309,508	-	-	2,309,508
Sewer department	4,828,505	-	-	4,828,505
Water plant	1,735,655	-	-	1,735,655
Electrical generation/purchase	7,887,751	-	-	7,887,751
Maintenance	970,033	-	-	970,033
Non-departmental	713,621	-	-	713,621
Depreciation	2,707,543	175,200	21,690	2,904,433
Program expenses	-	-	110,961	110,961
Facilities operations	-	219,232	7,862	227,094
Total operating expenses	<u>\$ 28,788,092</u>	<u>\$ 394,432</u>	<u>\$ 140,513</u>	<u>\$ 29,323,037</u>
Operating income (loss)	<u>\$ 5,617,166</u>	<u>\$ 443,466</u>	<u>\$ (140,513)</u>	<u>\$ 5,920,119</u>
Non-operating revenues (expenses)				
Investment income	\$ 15,632	\$ 122,975	\$ 20,689	\$ 159,296
Interest expense	(446,337)	(115,613)	(25,501)	(587,452)
Insurance recovery	10,220	-	-	10,220
Total non-operating revenues (expenses), net	<u>\$ (420,486)</u>	<u>\$ 7,362</u>	<u>\$ (4,813)</u>	<u>\$ (417,937)</u>
Income (loss) before transfers and capital contributions	<u>\$ 5,196,680</u>	<u>\$ 450,828</u>	<u>\$ (145,326)</u>	<u>\$ 5,502,183</u>
Capital contributions				
Capital contribution expense	<u>\$ -</u>	<u>\$ (1,594,574)</u>	<u>\$ -</u>	<u>\$ (1,594,574)</u>
Transfers				
Transfers in	\$ 2,313,199	\$ 149,775	\$ 3,201,119	\$ 5,664,092
Transfers out	(5,607,753)	(161,667)	-	(5,769,420)
Total transfers	<u>\$ (3,294,554)</u>	<u>\$ (11,892)</u>	<u>\$ 3,201,119</u>	<u>\$ (105,328)</u>
Change in net position	<u>\$ 1,902,126</u>	<u>\$ (1,155,639)</u>	<u>\$ 3,055,793</u>	<u>\$ 3,802,280</u>
Net position, beginning	<u>\$ 39,290,500</u>	<u>\$ 3,717,619</u>	<u>\$ 1,704,636</u>	<u>\$ 44,712,755</u>
Net position, ending	<u>\$ 41,192,626</u>	<u>\$ 2,561,981</u>	<u>\$ 4,760,429</u>	<u>\$ 48,515,035</u>

CITY OF SENECA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 35,570,017	\$ 821,039	\$ 56,325	36,447,381
Payments to suppliers/goods and services	(20,522,951)	(1,742,947)	(992,799)	(23,258,698)
Payments to/for employees	(6,462,116)	-	-	(6,462,116)
Other receipts	10,220	-	-	10,220
Net cash provided (used) by operating activities	<u>\$ 8,595,168</u>	<u>\$ (921,908)</u>	<u>\$ (936,474)</u>	<u>\$ 6,736,786</u>
Cash flows from non-capital financing activities:				
Interfund transfers in	\$ 2,313,199	\$ (11,892)	\$ 3,201,119	\$ 5,502,425
Interfund transfers out	(5,607,753)	-	-	(5,607,753)
Total cash flows from non-capital financing activities	<u>\$ (3,294,554)</u>	<u>\$ (11,892)</u>	<u>\$ 3,201,119</u>	<u>\$ (105,328)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets, net	\$ (5,782,132)	\$ -	\$ (3,001,119)	\$ (8,783,251)
Principal paid on capital debt	(2,468,565)	(380,000)	-	(2,848,565)
Interest paid on capital debt	(455,879)	(115,613)	(25,501)	(596,994)
Total cash flows from capital and related financing activities	<u>\$ (8,706,576)</u>	<u>\$ (495,613)</u>	<u>\$ (3,026,620)</u>	<u>\$ (12,228,809)</u>
Cash flows from investing activities:				
Interest income	18,875	122,975	20,689	162,539
Total cash flows from investing activities	<u>\$ 18,875</u>	<u>\$ 122,975</u>	<u>\$ 20,689</u>	<u>\$ 162,539</u>
Net increase (decrease) in cash	\$ (3,387,087)	\$ (1,306,438)	\$ (741,287)	\$ (5,434,813)
Cash, beginning	4,646,539	2,210,778	1,320,035	8,177,352
Cash, ending	<u>\$ 1,259,452</u>	<u>\$ 904,340</u>	<u>\$ 578,748</u>	<u>\$ 2,742,539</u>

CITY OF SENECA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Reconciliation of operating income to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ 5,617,166	\$ 443,466	\$ (140,513)	\$ 5,920,119
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,707,543	175,200	21,690	2,904,433
Other receipts	10,220	-	-	10,220
Noncash transfers to the governmental activities	(517,000)	(1,549,632)	-	(2,066,632)
Remeasurement of lease receivable	-	(2,101,341)	-	(2,101,341)
Remeasurement of deferred inflows - lease receipts	-	2,084,482	-	2,084,482
Changes in assets (increase), decrease:				
Accounts receivable	1,133,729	-	-	1,133,729
Other receivable	(257,399)	-	-	(257,399)
Financed purchase receivable	-	-	55,822	55,822
Due from other funds	278,743	-	-	278,743
Prepaid expenses	(20,504)	-	-	(20,504)
Inventory	(819,856)	-	-	(819,856)
Deferred bond gain	89,087	-	-	89,087
Deferred pension charges	(318,634)	-	-	(318,634)
Changes to liabilities increase, (decrease):				
Accounts payable	(150,310)	244,660	3,133	97,483
Accrued expenses	(4,055)	-	-	(4,055)
Customer deposits	52,761	-	-	52,761
Deferred revenue	(133,619)	-	503	(133,116)
Compensated absences payable	55,391	-	-	55,391
Line of credit	-	-	(877,109)	(877,109)
Due to customers	245,502	-	-	245,502
Pension liability	1,658,392	-	-	1,658,392
Due to other funds	123,784	(218,743)	-	(94,959)
Deferred pension credits	(1,155,773)	-	-	(1,155,773)
Total adjustments	<u>2,978,002</u>	<u>(1,365,374)</u>	<u>(795,961)</u>	<u>816,667</u>
Net cash provided (used) by operating activities	<u>\$ 8,595,168</u>	<u>\$ (921,908)</u>	<u>\$ (936,474)</u>	<u>\$ 6,736,786</u>
Schedule of non-cash capital and related financing activities:				
Remeasurement of lease receivable	-	(2,101,341)	-	(2,101,341)
Remeasurement of deferred inflows - lease receipts	-	2,084,482	-	2,084,482
Transfer of long-term assets to/from governmental activities	-	(1,549,632)	-	(1,549,632)
Transfer of long-term liabilities to/from governmental activities	(517,000)	-	-	(517,000)
	<u>\$ (517,000)</u>	<u>\$ (1,566,491)</u>	<u>\$ -</u>	<u>\$ (2,083,491)</u>



CITY OF SENECA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023

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		<u>Custodial Funds</u>
	ASSETS	
Cash		<u>\$ 93,515</u>
Total assets		<u>93,515</u>
	NET POSITION	
Restricted for individuals, organizations, and other governments		<u>93,515</u>
Total net position		<u><u>\$ 93,515</u></u>

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

		Custodial Funds
	ADDITIONS	
Contributions		\$ 47,550
Investment earnings		151
		47,701
	DEDUCTIONS	
Benefits		56,254
		56,254
Change in net position		(8,553)
NET POSITION, BEGINNING OF YEAR		102,068
NET POSITION, END OF YEAR		\$ 93,515

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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Located in the state's most northwestern county of Oconee in South Carolina, the City of Seneca was chartered in 1873 and incorporated on March 14, 1874, as Seneca City, a name derived from the Indigenous Cherokee people located on the banks of the nearby Seneca River. In 1906, the Secretary of State granted a new charter and "City" was dropped from the name.

The City operates under a Mayor-Council form of government. The Council is composed of a Mayor and eight council members to be elected from the municipality at large for terms of four years each as provided in section 5-9-10 et seq., Code of Laws of South Carolina 1976. Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the Council for the proper administration of all affairs of the municipality.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

As required by GAAP, the financial statements present the City's financial information with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading.

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has two blended component units; the City does not have any discretely presented component units.

*Blended Component Unit*

Seneca Facilities Corporation

Seneca Facilities Corporation ("SFC") is a blended component unit of the City. SFC is a governmental entity that was formed by the City to assist the City by: (i) aiding economically depressed, distressed or blighted areas of the City; (ii) benefiting economically disadvantaged citizens of the City, including the unemployed and underemployed; and (iii) aiding businesses to locate or remain in economically depressed, distressed or blighted areas and thereby provide job creation and training to the unemployed or underemployed in such areas which may not otherwise be available but for the assistance of the Corporation. 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

Seneca Improvements Corporation ("SIC") is a blended component unit of the City. SIC is a governmental entity that was formed by the City to assist the City by: (i) aiding economically depressed, distressed or blighted areas of the City; (ii) benefiting economically disadvantaged citizens of the City, including the unemployed and underemployed; and (iii) aiding businesses to locate or remain in economically depressed, distressed or blighted areas and thereby provide job creation and training to the unemployed or underemployed in such areas which may not otherwise be available but for the assistance of the Corporation. Seneca Improvements Corporation is a nonprofit public benefit corporation formed on September 6,

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2016 for the purpose of aiding and assisting the City in economic business establishment and retention.

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 may be obtained by contacting Mr. Josh Riches at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

*Major Operations*

The City's major operations include police and fire protection, public works, finance and administration, planning and zoning, recreation, beautification, and arts, history and culture. In addition, the City operates enterprise activities consisting of water, sewer and electricity.

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws the general revenues of the City. Interfund services provided and used are not eliminated in the process of consolidation.

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. Non-

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exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

**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. Property taxes, intergovernmental, franchise taxes, licenses, and interest associated with the current fiscal year are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers property taxes to be available if they are received by the City within 30 days of the end of the current fiscal period. A 60-day availability period is generally used for revenue recognition for all other governmental fund revenues with the exception of certain expenditure driven grants for which a one-year availability period is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. The following fund types and funds are used by the City.

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*Governmental fund types* are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary funds and fiduciary funds) are accounted for through governmental funds. Governmental funds are accounting for using current financial resources measurement focus and the modified accrual basis of accounting. The City's major and non-major governmental fund types are as follows:

The *General fund, a major fund* and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures, capital improvement costs, and general debt service that are not paid through other funds are paid from the General Fund.

The *Downtown Seneca Improvements fund*, reported as a *major special revenue fund*, is used to account for monies received for the development of improving the core commercial district while amplifying impacts on the continued growth and support of commercial and residential development.

The remaining *special revenue funds* are *non-major funds* and are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following non-major budgeted Special Revenue Funds:

- Hospitality Tax Fund
- State Accommodations Tax Fund
- Transit Funds
- C-Funds

*Proprietary fund types* are accounted for based on the *flow of economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are primarily charges for services and fees. Operating expenses for proprietary funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types include the following funds:

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

The *Seneca Light & Water Fund, a major fund*, is used to account for the City’s water, sewer and electric operations. This is a budgeted fund.

The *Seneca Facilities Corporation Fund, a major fund*, is used to account for lease revenue at the Seneca Industrial Complex.

The *Seneca Improvements Corporation Fund, a major fund*, is used to account for improvements to downtown areas in Seneca.

*Fiduciary Fund Types* include *Custodial Funds*. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds and are accounted for in essentially the same manner as Propriety Funds. The City has three unbudgeted custodial funds which include the Firemen’s 1% Fund, Municipal Court Account, and the Narcotics Seizure Account.

**C. Prior Period Adjustments**

A prior-period adjustment was made to decrease fund balance of the total non-major governmental funds and net position of governmental activities by \$411,300. In fiscal year 2022, fund balance was overstated in the American Rescue Plan Fund because revenue was received but not yet earned. The adjustment restates the fund balance and net position at June 30, 2022 from \$1,276,968 to \$865,667 and had no effect on the fund balance of the other governmental funds.

**D. Budgetary Information**

The City follows the following procedures in establishing its annual budgets:

1. By mid-March of each year, all departments/agencies of the government submit requests for appropriation to the City Administrator and Finance team so that a budget may be prepared. The budget is prepared by fund, function, and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.



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2. In May of each year, the proposed budget is presented to the City Council for review. The City Council adopts an annual budget, by ordinance, for the General Fund, most Special Revenue Funds, and the Light & Water Fund prior to the beginning of the next fiscal year. Although provided with annual budgets, the City Council does not adopt budgets for the Seneca Facilities Corporation or the Seneca Improvements Corporation.
3. The City Administrator is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total appropriation of any fund. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at yearend.
4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP, with the exception of the Enterprise Fund, which follows the City's budgetary basis. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

**E. Cash, Cash Equivalents, and Investments**

Cash and Cash Equivalents

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

Investments

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political unites, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;

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- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (d) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

The City's cash investment objectives are preservation of capital, liquidity, and yield. To assist in achieving these objectives, the City maintains a cash and investment pool that is available for use by other funds. Investment earnings are allocated based on average cash balances. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has used the following investments:

- U.S. securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for specified period of time). These debt obligations are back by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of the city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

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- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- Certificates of deposit (“CD”) are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Funds removed before maturity are subject to a penalty.

**F. Receivables and Payables**

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, electricity, and other fees and charges.

**G. Inventories and Prepays**

Inventories of materials and supplies are stated at the lower of average cost or market value and accounted for in a perpetual inventory system. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the Government-Wide Statement of Net Position and in the respective fund financial statements.

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All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets generally are valued at their estimated acquisition value (as estimated by the City) on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City maintains a minimum capitalization threshold of \$5,000 for all capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Type of Asset	Estimated Life
Buildings	40 years
Building Improvements	20-40 years
Furniture and Fixtures	7-10 years
Equipment/Vehicles	5-10 years
Utility Systems	40 years
Paving/Streets	10-20 years

**I. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Employees terminating or retiring are paid for accumulated general leave based on their hourly rate of pay earned at the time of termination or retirement. The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary funds financial statements. The governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignation or retirement prior to the fiscal year end, if they are material.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method. Amortization of premiums and discounts are

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included in interest expense. Bonds payable are reported net of the applicable bond premiums and discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category: (1) The City reports unamortized bond/loan costs in the proprietary funds. (2) The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in South Carolina Retirement System and the South Carolina Police Officers Retirement System (the "Plans"). The *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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 City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The City reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the Plans. The *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

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**L. Fund Balance**

In accordance with GAAP, 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, long-term portions of loans receivable, 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 through specific purposes that are internally imposed by the government through formal action (an ordinance) 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, such assignments are made before the report issuance date.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any 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 account. 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.

The City generally uses 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.

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**M. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results differ from those estimates.

**O. Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on closed basis over multi-year period beginning with the period in which the difference occurred.

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**P. Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted methodology prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any observable inputs.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. There have been no significant changes from prior year in the methodologies used to measure fair value.



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**NOTE 2. LEGAL COMPLIANCE – BUDGETS**

**A. Excess of Expenditures over Appropriations**

For the year ended June 30, 2023, the amounts of any excess of governmental expenditures over appropriations at the legal level of control are as follows:

Fund	Excess
General Fund	\$ 1,077,720
Local Hospitality Tax Fund	301,501
State Accommodations Tax Fund	24,829

The over expenditures in the General Fund were funded by under expenditures in other departments, a positive budget variance for revenues within the same fiscal year, and budgeted prior year fund balance. The over expenditures in the Local Hospitality Tax Fund will be funded by a positive budget variance of revenues within the same fiscal year. The over expenditures in the State Accommodations Tax Fund will be funded by future revenues.

**NOTE 3. DEPOSITS AND INVESTMENTS**

*Deposits*

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits may not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023, \$6,839,071 of the City’s bank balance of \$7,920,330 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.

*Investments*

As of June 30, 2023, the City had the following investments:

Investment	Fair Value Level	Fair Value
SC Local Government Investment Pool	Not Applicable	\$ 11,798
Money Market Mutual Funds	Not Applicable	9,468,533
U.S. Government Agencies	Level 1	29,274
U.S. Government Treasuries	Level 1	136,554
		\$ 9,646,159

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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. The South Carolina Local Government Investment Pool fund is unrated, while the investments in U.S. Treasury and Agency securities are rated AAA by Standard and Poor's and Aaa or better by Moody's Investors Services.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. This risk is mitigated by diversifying the investment so that the impact of potential losses from any one type of security or issuer will be minimized. 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.

Custodial Credit Risk for 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 not in the possession of an outside party. Of the investments of \$9,646,159, 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 financial institutions holding municipal deposits. Investments are recorded at cost or fair value depending on the nature and term of investment.

**NOTE 4. Property Taxes and Other Receivables**

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. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly. The real property tax calendar is as follows:

Levy	On September 30 <sup>th</sup> on all real and personal property (except vehicles) based on the assessment of the preceding December 31 <sup>st</sup>
Tax due	On or before January 15 <sup>th</sup>
Penalty	3% after January 15 <sup>th</sup> 7% additional after February 1 <sup>st</sup>

**CITY OF SENECA**

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Delinquent	Liens are filed upon execution after March 16 <sup>th</sup> 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, 2023 represent uncollected tax levies less allowance for doubtful accounts as follows:

General Fund	<b>Receivable</b>	<b>Allowance</b>
	<b>\$ 88,024</b>	<b>\$ 2,641</b>

Delinquent taxes receivable is included in taxes receivable and represents past years of uncollected tax levies. Property tax revenues are recognized when due or past due and collectible within the current period or soon thereafter (defined as 60 days) to pay liabilities of the current period. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

**NOTE 5. 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 applicable allowances for uncollectible accounts, are as follows:

Receivable	General	Light & Water	Seneca Facilities	Nonmajor	Total
Taxes	\$ 88,024	\$ -	\$ -	\$ -	\$ 88,024
Accounts	671,512	4,770,400	76,292	303,616	5,821,820
Intergovernmental	96,860	-	-	-	96,860
Other	-	260,465		1,712,605	1,973,070
 Gross Receivables	 \$ 856,396	 \$ 5,030,865	 \$ 76,292	 \$ 2,016,221	 \$ 7,979,774
Less Allowance	2,641	864,453	-	-	867,094
 Net Receivables	 \$ 853,755	 \$ 4,166,412	 \$ 76,292	 \$ 2,016,221	 \$ 7,112,680

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6. Interfund Transactions**

During 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 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 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 6,214,059	\$ 398,161
Light & Water Fund	2,313,199	5,607,753
Seneca Improvements	3,201,119	-
Seneca Facilities	149,775	161,667
Downtown Seneca Improvements	-	3,001,119
Nonmajor Governmental Funds	248,386	2,957,838
Total Transfers	\$ 12,126,538	\$ 12,126,538

A capital contribution of \$1,594,574 was transferred from business-type activities to governmental-type activities for the public works building. That is not reflected in the above transfers.

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

As of June 30, 2023, interfund receivables and payables that resulted from interfund transactions were as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 2,107,609	\$ -
Light & Water Fund	67,707	123,784
Seneca Facilities	-	5,000
Downtown Seneca Improvements	-	19,293
Nonmajor Governmental Funds	-	2,027,239
Total	<u>\$ 2,175,316</u>	<u>\$ 2,175,316</u>

**NOTE 7. Capital Assets**

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

**Governmental Activities**

Capital Assets, Not Depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,327,312	\$ -	\$ -	\$ 1,327,312
Construction in Progress	1,292,810	1,999,283	1,196,908	2,095,185
Total Not Depreciated	<u>\$ 2,620,122</u>	<u>\$ 1,999,283</u>	<u>\$ 1,196,908</u>	<u>\$ 3,422,497</u>
<b>Capital Assets, Depreciated</b>				
Buildings	\$ 8,800,364	\$ 563,935	\$ -	\$ 9,364,299
Improvements	14,010,050	1,220,914	-	15,230,964
Equipment	5,302,570	594,406	45,000	5,851,976
Vehicles	10,100,210	190,438	186,115	10,104,533
Total Depreciated	<u>\$ 38,213,194</u>	<u>\$ 2,569,693</u>	<u>\$ 231,115</u>	<u>\$ 40,551,772</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 5,043,282	\$ 216,410	\$ -	\$ 5,259,692
Improvements	9,646,946	593,738	-	10,240,684
Equipment	2,642,002	421,900	16,500	3,047,402
Vehicles	7,784,142	733,510	123,118	8,394,534
Total Depreciation	<u>\$ 25,116,372</u>	<u>\$ 1,965,558</u>	<u>\$ 139,618</u>	<u>\$ 26,942,312</u>
Total Depreciable Assets, Net	<u>\$ 13,096,822</u>	<u>\$ 604,135</u>	<u>\$ 91,497</u>	<u>\$ 13,609,460</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 15,716,944</u>	<u>\$ 2,603,418</u>	<u>\$ 1,288,405</u>	<u>\$ 17,031,957</u>

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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Capital asset activity for the business-type activities for the year ended June 30, 2023, is as follows:

**Business-Type Activities**

<b>Capital Assets, Not Depreciated</b>	<b>Beginning</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
Land	\$ 1,283,497	\$ -	\$ -	\$ 1,283,497
Construction in Progress	<u>1,834,013</u>	<u>7,944,879</u>	<u>2,401,511</u>	<u>7,377,381</u>
Total Not Depreciated	<u>\$ 3,117,511</u>	<u>\$ 7,944,879</u>	<u>\$ 2,401,511</u>	<u>\$ 8,660,878</u>
<b>Capital Assets, Depreciated</b>				
Buildings	\$ 18,738,376	\$ -	\$ -	\$ 18,738,376
Improvements	86,262,760	2,627,364	-	88,890,124
Equipment	7,075,172	215,092	-	7,290,264
Vehicles	<u>4,656,275</u>	<u>352,485</u>	<u>22,089</u>	<u>4,986,671</u>
Total Depreciated	<u>\$ 116,732,584</u>	<u>\$ 3,194,941</u>	<u>\$ 22,089</u>	<u>\$ 119,905,435</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 2,783,246	\$ 1,189,130	\$ -	\$ 3,972,376
Improvements	37,117,685	1,160,345	-	38,278,030
Equipment	6,457,647	206,354	-	6,664,001
Vehicles	<u>3,699,748</u>	<u>348,604</u>	<u>22,089</u>	<u>4,026,263</u>
Total Depreciation	<u>\$ 50,058,326</u>	<u>\$ 2,904,433</u>	<u>\$ 22,089</u>	<u>\$ 52,940,670</u>
Total Depreciable Assets, Net	<u>\$ 66,674,258</u>	<u>\$ 290,508</u>	<u>\$ -</u>	<u>\$ 66,964,765</u>
<b>Total Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 69,791,769</u>	<u>\$ 8,235,387</u>	<u>\$ 2,401,511</u>	<u>\$ 75,625,643</u>

Depreciation expense of the primary government as follows:

Governmental activities	
General Government	\$ 899,474
Public Safety	330,500
Public Works	541,759
Culture & Recreation	<u>193,824</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,965,557</u>
Business-Type Activities	
Electric	\$ 828,334
Water	1,074,318
Sewer	400,180
Administration	<u>601,601</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,904,433</u>

**NOTE 8. 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

CITY OF SENECA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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, 2023 is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2012 Combined Utility System	2.28%	\$ 1,760,000	\$ 870,000
2020 Combined Utility System (2013 Refinanced)	1.63%	\$ 2,839,419	\$ 445,154
2019 Installment Purchase Revenue Bond (New Market Tax Credit Refinance)	2.87%	\$ 3,965,000	\$ 395,000
Total		<u>\$ 8,564,419</u>	<u>\$ 1,720,154</u>

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 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.

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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The following table provides the Series 2012 bond debt service for future periods.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 870,000	\$ 30,210	\$ 900,210
2025	890,000	10,146	900,146
Totals	<u>\$ 1,760,000</u>	<u>\$ 40,356</u>	<u>\$ 1,800,356</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 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.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 455,154	\$ 42,573	\$ 497,737
2025	460,015	35,114	495,129
2026	469,683	27,537	497,220
2027	479,098	19,805	498,903
2028	483,257	11,962	495,219
2029	492,211	4,012	496,223
Totals	<u>\$ 2,839,418</u>	<u>\$ 141,003</u>	<u>\$ 2,980,421</u>



**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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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 for 2019 installment purchase revenue bond debt service for future periods.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 395,000	\$ 108,127	\$ 503,127
2025	400,000	102,459	502,459
2026	415,000	90,979	505,979
2027	425,000	79,069	504,069
2028	440,000	66,871	506,871
2029-2032	1,890,000	110,208	1,518,087
Totals	<u>\$ 3,965,000</u>	<u>\$ 533,605</u>	<u>\$ 4,040,592</u>

2007 State Revolving Fund

The City authorizes 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 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>.

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 112,300	\$ 13,682	\$ 125,982
2025	114,848	11,134	125,982
2026	117,454	8,528	125,982
2027	120,119	5,863	125,982
2028	122,844	3,138	125,982
2029	62,464	528	62,992
Totals	<u>\$ 650,029</u>	<u>\$ 42,873</u>	<u>\$ 692,902</u>

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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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 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup> of each year.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 557,621	\$ 119,621	\$ 677,242
2025	566,772	110,470	677,242
2026	576,082	101,160	677,242
2027	585,555	91,687	677,242
2028	595,194	82,048	677,242
2029-2033	3,126,569	259,641	3,386,210
2034-2036	1,492,862	30,932	1,523,794
Totals	<u>\$ 7,500,655</u>	<u>\$ 795,559</u>	<u>\$ 8,296,214</u>

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 1.09% 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 1<sup>st</sup>, June 1<sup>st</sup>, September 1<sup>st</sup>, and December 1<sup>st</sup> of each year.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 268,443	\$ 94,242	\$ 362,685
2025	273,580	89,105	362,685
2026	278,815	83,870	362,685
2027	284,150	78,535	362,685
2028	289,587	73,098	362,685
2029-2033	1,533,210	280,215	1,813,425
2034-2038	1,685,629	127,794	1,813,423
2039-2040	446,966	6,389	453,356
Totals	<u>\$ 5,060,380</u>	<u>\$ 833,249</u>	<u>\$ 5,893,629</u>

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

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<sup>st</sup> and September 1<sup>st</sup> of each year, commencing March 1, 2021. Annual payments of principal will be paid March 1<sup>st</sup> of each year until March 1, 2028.

The following table provides the Series 2020A debt service for future periods.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 225,000	\$ 19,975	\$ 244,975
2025	230,000	16,150	246,150
2026	235,000	12,240	247,240
2027	240,000	8,245	248,245
2028	245,000	4,165	249,165
Totals	<u>\$ 1,175,000</u>	<u>\$ 60,775</u>	<u>\$ 1,235,775</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<sup>st</sup> and September 1<sup>st</sup> of each year, commencing March 1, 2021. Annual payments of principal will be paid on March 1<sup>st</sup> of each year until March 1, 2028.

The following table provides the Series 2020B debt service future periods.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 155,000	\$ 13,600	\$ 168,600
2025	155,000	10,965	165,965
2026	160,000	8,330	168,330
2027	165,000	5,610	170,610
2028	165,000	2,805	167,805
Totals	<u>\$ 800,000</u>	<u>\$ 41,310</u>	<u>\$ 841,310</u>

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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Financed Purchases

The following is a schedule of the future minimum payments under the financed purchases and the present value of the net minimum payments at June 30, 2023.

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Payments</u>
6/30/2024	\$ 303,019	\$ 275,492	\$ 578,511
6/30/2025	195,486	275,492	470,977
6/30/2026	195,486	275,492	470,977
6/30/2027	195,486	275,492	470,977
6/30/2028	81,428	91,823	173,251
Thereafter	81,428	91,823	173,251
Total minimum payments	\$ 1,052,332	\$ 1,285,613	\$ 2,337,945
Less interest portion	(77,112)	(88,820)	(165,931)
Present value of future minimum payments			<u>\$ 2,172,014</u>

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financed purchases	\$ 739,470	\$ 517,000	\$ (278,121)	\$ 978,349	\$ 276,374
General obligation bonds	2,350,000	-	(375,000)	1,975,000	380,000
Net pension liability	10,067,629	3,156,847	(1,719,975)	11,504,501	-
Compensated absences	514,307	223,490	(204,281)	533,516	533,516
Governmental activity					
Long-term liabilities	<u>\$ 13,671,406</u>	<u>\$ 3,897,337</u>	<u>\$ (2,577,377)</u>	<u>\$ 14,991,366</u>	<u>\$ 1,189,890</u>
Business-type activities:					
Revenue bonds payable	\$ 10,239,468	\$ -	\$ (1,675,049)	\$ 8,564,419	\$ 1,720,154
SRF loans	14,132,901	-	(921,838)	13,211,064	938,363
Financed purchases	1,962,343	-	(768,678)	1,193,665	245,866
Net pension liability	7,184,403	2,312,301	(653,909)	8,842,795	-
Compensated absences	422,814	209,127	(153,736)	478,205	478,205
Business-type activity					
Long-term liabilities	<u>\$ 33,941,929</u>	<u>\$ 2,521,428</u>	<u>\$ (4,173,210)</u>	<u>\$ 43,512,117</u>	<u>\$ 3,382,588</u>

A transfer of \$517,000 between governmental activities and business-type activities occurred to reclassify the debt into the appropriate fund.

CITY OF SENECA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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**NOTE 9. Other Information**

**A. 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.

**B. 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 an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust funds. The ACFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://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.

CITY OF SENECA

NOTES TO THE FINANCIAL STATEMENTS  
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*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 and other benefits for police officers and firefighters. 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 this 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.

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
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*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 of 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.

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*Plan Contributions*

Actuarial valuations 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”) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 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 until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

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

	SCRS Rates			PORS Rates		
	2021	2022	2023	2021	2022	2023
Employer Rate:						
Retirement	15.41%	16.41%	17.41%	17.84%	18.84%	19.84%
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%
	15.56%	16.56%	17.56%	18.24%	19.24%	20.24%
Employee Rate	9.00%	9.00%	9.00%	9.75%	9.75%	9.75%



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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 Required	Contributions % Contributed	PORS Required	Contributions % Contributed
2023	\$ 1,362,103	100%	\$ 633,088	100%
2022	1,216,484	100%	547,888	100%
2021	1,024,501	100%	495,460	100%

*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.

The June 30, 2022, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year, June 30, 2022, using generally accepted accounting principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions form any of the systems.

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return *	7.00 %	7.00 %
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefits adjustment	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 2020 Public Retirees of South Carolina Mortality table (“2020 PRSC”), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP project for the year 2020.

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Assumptions used in the determination of the June 30, 2022, TPL are as follows:

Former Job Class	Males	Females
General employees and members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

*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, 2022, measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer’s Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

The total pension liability is calculated by the System’s 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 represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 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 7.00 percent assumed annual investment rate of return used in the

**CITY OF SENECA**

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calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	46.0%	6.62%	3.04%
<b>Bonds</b>	26.0%	0.31%	0.08%
<b>Private Equity</b>	9.0%	10.91%	0.98%
<b>Private Debt</b>	7.0%	6.16%	0.43%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.00%	6.62%	0.20%
Total Expected Return	100%		5.31%
Inflation for Actuarial Purposes			2.25%
			<u>7.56%</u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. 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 net pension liability of the Plans changes in the discount rate, calculated using the discount rate of 7.00%, as well as what would be if it were calculated using the discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability of the SCRS	\$ 19,174,361	\$ 14,955,161	\$ 11,447,444
City’s proportionate share of the net pension liability of the PORS	\$ 7,519,008	\$ 5,392,135	\$ 3,651,090

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

At June 30, 2023, the City reported a liability of \$20,347,296 for its proportionate share of the net pension liabilities for the SCRS plan \$14,955,161 and PORS plan \$5,392,135. The net pension liabilities were measured as of June 30, 2022, 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, 2021 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 governmental employers, actuarially determined. At June 30, 2022, the City's SCRS proportion was 0.061691 percent, which was an increase of 0.003499 percent from its proportion measured as of June 30, 2021. At June 30, 2022, the City's PORS proportion was 0.179799 percent, which was a decrease of 0.000845 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$1,634,788 consisting of \$1,204,103 for SCRS and \$430,685 for PORS. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences between expected and actual experience	\$ 129,932	\$ 65,174
Changes in Assumptions	479,647	-
Net Difference between projected and actual earnings on Pension plan investments	23,064	-
Deferred amounts from changes in proportionate share and Differences between employer contributions and proportionate Share of total plan employer contributions	588,868	436,927
City's contributions subsequent to the measurement date	1,362,103	-
<b>Total SCRS</b>	<b>\$ 2,583,614</b>	<b>\$ 502,101</b>
<b>PORS</b>		
Differences between expected and actual experience	\$ 90,469	\$ 106,594
Changes in Assumptions	224,537	-
Net Difference between projected and actual earnings on Pension plan investments	16,283	-
Deferred amounts from changes in proportionate share and Differences between employer contributions and proportionate Share of total plan employer contributions	-	82,489
City's contributions subsequent to the measurement date	633,088	-
<b>Total PORS</b>	<b>\$ 964,377</b>	<b>\$ 189,083</b>
<b>Total SCRS and PORS</b>	<b>\$ 3,547,991</b>	<b>\$ 691,184</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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The \$1,362,103 and \$633,088 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 308,122	\$ 80,026	\$ 388,148
2025	211,651	49,610	261,261
2026	(190,384)	(197,020)	(387,404)
2027	390,021	209,590	599,611
Total	\$ 719,410	\$ 142,206	\$ 861,616

*Plans’ Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information. The ACFR of the Pension Trust Funds is publicly available on PEBA’s Retirement Benefits’ website at [www.retirement.sc.gov](http://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 \$279,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for SCRS and PORS. This amount is included in the Employer Retirement Payable on the financial statements and was paid in July 2023.

**C. Commitments**

The City receives financial assistance from numerous federal, state and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies.

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

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Area Transit is a public service provided fare-free. Funding for the operations of the transit system relies on yearly grant agreements between the City of Seneca and the South Carolina Department of Transportation (SCDOT). Within the agreements federal, state and local obligations are defined, along with the required scope of required services, and the coverage period.

In accordance with the grant agreements, funding consisted of the following for fiscal year ending June 30, 2023:

<b>Funding</b>	
Federal (FTA)	\$ 631,728
State (SCDOT)	145,635
County	60,000
Local match	248,386
Total funding	<u>\$ 1,085,749</u>

Coronavirus State and Local Fiscal Recovery: In March 2020, the World Health Organization classified the coronavirus outbreak as a pandemic, based on the rapid increase in exposure globally. In October 2022, the City received \$2,124,051 from the Coronavirus State and Local Fiscal Recovery Funds in the second and final tranche of funds from the US Treasury. The City will utilize these funds as revenue replacement in General Fund revenue and infrastructure projects for water and sewer for the Seneca Light & Water utility, all of which is in accordance with the allowable federal funding requirements.

Local Coronavirus Fiscal Recovery: Oconee County Government approved an ordinance on October 5, 2021 with Seneca Light & Water for the Seneca water and wastewater infrastructure project. The total approved cost is \$3,000,000 and includes 4 separate water and sewer projects within the scope of the agreement.

1. Construct a gravity sewer line from Sheep Farm Road sewer lift station area to the Cliffabee Leas sewer lift station. This project allows for the operational alternatives to serve customers in the Bountyland Road and HWY 28 area. The estimated cost of the project is \$550,000.
2. Replace AC waterline along Hwy 28 because these waterlines are becoming an ever increasing issue and not only disrupts water supply to customers, but also disrupts traffic on HWY 28 during repairs to the lines. This project will replace over 12,000 feet of 8" AC waterline and over 3,000 feet of 6" waterline with ductile iron pipe. The new lines will be located outside of the paved area of the road easement. The estimated cost of the project is \$1,550,000.
3. Rehabilitation of the sanitary sewer main line along Seneca Creek. The estimated cost of the project was \$800,000.

CITY OF SENECA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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4. Replace galvanized water lines through-out the system. There are roughly 25 miles of old galvanized water lines on the system. A majority of these lines are 2" diameter. The amount of these lines is dependent on the actual costs of the prior mentioned projects. The estimated cost of the project is \$100,000.

Seneca Creek Sewer Rehab Project: On April 20, 2022, Seneca Light & Water entered into an agreement with AM-Liner East, Inc., for gravity sewer rehabilitation for Seneca Creek. This project includes lining over 4,400 feet of 15" clay sewer lines and refurbishing 30 manholes to help with persistent inflow and infiltration issues which affect the OJRSA Seneca Creek Lift Station. The total contract price of the project is \$1,144,808 and the cost incurred as of June 30, 2023 is \$1,087,567. Funding for this project is through the Local Coronavirus Fiscal Recovery passed thru Oconee County Government.

Bountyland Waterline Replacement Project: On January 5, 2023, Seneca Light & Water entered into an agreement with L.W. Inc., for the replacement of the existing 8-inch waterline and installation of a new 2.5-inch waterline. The replacement includes approximately 3.670 LF of 8-inch DIP waterline, 570 LF of 2.5-inch PVC waterline, associated appurtenances including fire hydrants, blow off valves and gate valves, as well as a 63 LF 16-inch jack and bore under HWY 28. The total contract price of the project is \$417,296 and the cost incurred as of June 30, 2023 is \$379,820. Funding for this project is through the Local Coronavirus Fiscal Recovery passed thru Oconee County Government.

Downtown East Main Sewer: On April 21, 2022, Seneca Light & Water entered into an agreement with Gar-Con, Inc., for the installation of one segment of gravity sewer, one manhole, and 2 service laterals and cleanouts. The original contract price was \$112,915 but a change order was submitted increasing the total contract price to \$153,835. The total cost incurred for the project as of June 30, 2023 is \$146,060. Funding for this project is through Coronavirus State and Local Fiscal Recovery funding.

East North 1<sup>st</sup> Street Sewer Relocation Project: On April 20, 2023, Seneca Light & Water entered into a construction agreement with Gar-Con, Inc., for the relocation of approximately 240 linear feet of 8-inch gravity sewer, installation of 4 new manholes, approximately 50 feet of steel cased bore, and the reconnection of existing service laterals and installation of service lateral cleanouts. The contract price of the project is \$161,618 and no costs have been incurred as of June 30, 2023. Funding for this project is through Coronavirus State and Local Fiscal Recovery funding.

Seneca Harpers Plaza: On September 22, 2022, the Seneca Improvements Corporation entered into a construction agreement with Hogan Construction for the demolition and construction of an old box store that has been out of business for decades and fallen into an unsafe state of disrepair.

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**NOTES TO THE FINANCIAL STATEMENTS  
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The original contract price of the project was \$2,589,031 but change orders were submitted which increased the contract price to \$2,851,571. The cost incurred as of June 30, 2023 is \$1,637,964. Funding for this project is through grant funding issued from the state.

**NOTE 10. Leases and Financed Purchase Receivables**

Vangeli’s – Financed Purchase Receivable

On June 17, 2020, Seneca Improvements Corporation entered into a financed purchase 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 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.

Using the Corporation’s incremental borrowing rate of 3.25%, the present value of the minimum payments equals \$746,446 at inception which results in a \$238,915 loss. As of June 30, 2023, the present value of the minimum payments equals \$559,687. See below for a schedule of the minimum payments to be received.

Fiscal year ending	Financed purchase payments
6/30/2024	\$ 75,000
6/30/2025	75,000
6/30/2026	75,000
6/30/2027	75,000
6/30/2028	75,000
6/30/2029	75,000
Thereafter	191,883
Total minimum payments	\$ 641,883
Less interest portion	(82,196)
Present value of future minimum payments	\$ 559,687

Clarios – Johnson Controls - Lease

On June 15, 2009, Seneca Facilities Corporation entered into a lease agreement with Johnson Controls Battery Group, Inc., for the rental of approximately 125,000 square feet of property located at 320 Shiloh Road. Johnson Controls and its subsidiaries use the property for storage and distribution of products, light welding, assemblage, and office and administrative uses. The Corporation shall maintain the premises and facility, as well as, make structural repairs to the foundation, load bearing walls, floor slab, roof and any other structural member. \$24,250



CITY OF SENECA

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JUNE 30, 2023

per month was agreed upon for the base rent for the first, second and third lease years. The monthly rent increased by 3% for the fourth and fifth lease years.

On August 30, 2012, an amendment to the original lease was implemented to extend the lease agreement by three years. The base rent for the fourth lease year remained at \$24,977 per month and then was increased to \$25,727 per month for the fifth, sixth, seventh, and eighth lease years.

On August 1, 2017, a second amendment to the lease agreement was applied increasing the available leasing square footage by 143,000 square feet, along with options to extend the term of the lease for consecutive three-year periods. The agreed upon base rent amounts to \$30,983 per month. Additional improvements by the Corporation were updated to include updates and improvements to the restrooms, common areas, floors and fans, along with the installation of eight loading docks and the resurfacing and restriping of parking areas. The term of the second amendment to the lease shall commence July 31, 2024, unless Johnson Controls acts upon their option to extend.

Using the applicable federal rates (AFR) from the IRS of 2.89%, the present value of the minimum lease payments equals \$2,359,349 at inception. As of June 30, 2023, the present value of the minimum lease payments equals \$2,527,875. See below for a schedule of the minimum lease payments to be received.

<u>Fiscal Year ending</u>	<u>Lease Payments</u>
6/30/2024	\$ 371,800
6/30/2025	388,841
6/30/2026	390,390
6/30/2027	390,390
6/30/2028	408,283
6/30/2029	409,910
Thereafter	444,069
Total Minimum Lease Payments	\$ 2,803,682
Less Interest Portion	(275,807)
Present Value of Future Minimum Lease Payments	<u>\$ 2,527,875</u>

Borg Warner - Lease

On June 1, 2019, Seneca Facilities Corporation entered into a ten-year lease agreement with Borg Warner PDS (USA) Inc., for the rental of approximately 241,639 square feet of wet-sprinkled, 21-foot clear ceiling height industrial space located at 320 Shiloh Road. The agreed upon base rent of \$45,307.50 per month was determined by multiplying the square footage by \$2.25, rounded to the nearest ten dollars, divided by 12.

**CITY OF SENECA**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

Using the interest rate expressed within the lease agreement of 2.30%, the present value of the minimum lease payments equals \$4,862,124 at inception. As of June 30, 2023, the present value of the minimum lease payments equals \$3,074,746. See below for a schedule of the minimum lease payments to be received.

Fiscal Year Ending	Lease Payments
6/30/2024	\$ 543,690
6/30/2025	543,690
6/30/2026	543,690
6/30/2027	543,690
6/30/2028	543,690
6/30/2029	543,690
Thereafter	34,969
Total Minimum Lease Payments	\$ 3,297,109
Less Interest Portion	(222,363)
Present Value of Future Minimum Lease Payments	\$ 3,074,746

**NOTE 11. Subsequent Events**

On September 15, 2023, the City of Seneca entered into a lease purchase contract with First Citizens Bank & Trust Company for the acquisition of a new fire truck. Not to exceed \$1.2 million, the purchase price of the ladder truck was \$1,094,800 and any excess funds will be used to upfit the equipment with essential items. The first payment of \$207,762 is due 11/1/2024 and the final payment will be 11/1/2029.

An Intergovernmental Agreement for Fire Protection and Other Emergency Services was signed with Oconee County on September 21, 2023. For the term of the agreement, the County shall remit \$1.3 million annually to the City for providing emergency services in the Seneca Unincorporated Fire District.

Through a letter dated October 25, 2023, Clarios (formerly Johnson Controls) has elected to extend their lease agreement with the City of Seneca for the premises located at 320 Shiloh Road. The tenant provides the notice to exercise the Extension Option for the first Extension Period of three (3) years. The base rent will remain at the current monthly rate of \$30,983 and then will increase on 7/31/2024 to a monthly rate of \$32,533.

On October 13, 2023, the City received \$2,443,829 from SCEMD out of the \$3,400,000 that was obligated by FEMA on December 8, 2022. On January 20, 2024, the City received notification that the Federal Government is accepting the appeal submitted on the City's behalf regarding reimbursement for the expenses incurred from the F-3 tornado that devastated the City of Seneca on April 13, 2020. Of \$4,593,218 million, the agreed upon amount is \$4,515,609, which is more than a 98% reimbursement for that project.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF SENECA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Budget Variance
Revenues			
Property taxes			
Real property	\$ 2,365,000	\$ 2,381,546	\$ 16,546
Vehicles	260,000	300,873	40,873
Watercraft	20,000	38,944	18,944
Other	150,000	151,164	1,164
Total property taxes	<u>\$ 2,795,000</u>	<u>\$ 2,872,527</u>	<u>\$ 77,527</u>
Licenses and permits			
Business licenses	\$ 2,600,000	\$ 2,783,333	\$ 183,333
Franchise fees	71,000	75,527	4,527
Building permits	100,750	89,312	(11,438)
Miscellaneous permits	45,000	26,294	(18,707)
Natural gas authority	130,000	155,451	25,451
Total licenses and permits	<u>\$ 2,946,750</u>	<u>\$ 3,129,916</u>	<u>\$ 183,166</u>

CITY OF SENECA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Budget Variance
Intergovernmental			
County revenue sharing	\$ 680,000	\$ 650,000	\$ (30,000)
Federal grant revenue	-	74,500	74,500
State government shared revenue	210,500	229,542	19,042
SC housing authority	17,500	20,285	2,785
State grants/SCMIT	3,000	-	(3,000)
Other intergovernmental	464,600	517,000	52,400
Total intergovernmental	<u>\$ 1,375,600</u>	<u>\$ 1,491,327</u>	<u>\$ 115,727</u>
Charges for services			
Garbage fees	<u>\$ 1,150,000</u>	<u>\$ 1,151,493</u>	<u>\$ 1,493</u>
Fines and forfeitures			
Municipal court fines	\$ 55,000	\$ 47,685	\$ (7,315)
Victims assistance fines	8,000	9,035	1,035
Total fines and forfeitures	<u>\$ 63,000</u>	<u>\$ 56,720</u>	<u>\$ (6,280)</u>
Investment earnings	<u>\$ -</u>	<u>\$ 813</u>	<u>\$ 813</u>

CITY OF SENECA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Budget Variance
Other			
Recreation fees/sports	\$ 61,500	\$ 102,691	\$ 41,191
Contributions & donations	1,000	1,655	655
Miscellaneous income	529,950	89,314	(440,636)
Total other	<u>\$ 592,450</u>	<u>\$ 193,659</u>	<u>\$ (398,791)</u>
 Total revenues	 <u>\$ 8,922,800</u>	 <u>\$ 8,896,455</u>	 <u>\$ (26,345)</u>
 Expenditures			
Current operating			
General government			
Municipal judge	\$ 272,131	\$ 256,110	\$ 16,021
Mayor and council	212,233	214,819	(2,586)
Finance/administration	808,967	897,706	(88,739)
Planning and development	461,824	420,131	41,693
Beautification	437,817	390,331	47,486
Total general government	<u>\$ 2,192,972</u>	<u>\$ 2,179,096</u>	<u>\$ 13,876</u>
 Public safety			
Police department	\$ 3,801,615	\$ 3,826,771	\$ (25,156)
Fire department	2,223,213	2,286,377	(63,164)
Total public safety	<u>\$ 6,024,829</u>	<u>\$ 6,113,148</u>	<u>\$ (88,320)</u>

CITY OF SENECA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Budget Variance
Public works			
Street department	\$ 877,361	\$ 886,140	\$ (8,779)
Sanitation department	518,590	507,743	10,847
Motor Pool	484,991	503,777	(18,786)
Total public works	<u>\$ 1,880,942</u>	<u>\$ 1,897,660</u>	<u>\$ (16,718)</u>
Recreation	<u>\$ 1,105,217</u>	<u>\$ 1,346,576</u>	<u>\$ (241,359)</u>
Arts, history & culture	<u>\$ 334,901</u>	<u>\$ 345,764</u>	<u>\$ (10,863)</u>
Non-departmental	<u>\$ 1,335,000</u>	<u>\$ 1,381,505</u>	<u>\$ (46,505)</u>
Capital outlay			
General government	\$ 91,500	\$ 133,666	\$ (42,166)
Public safety	103,521	157,330	(53,809)
Public works	448,600	816,906	(368,306)
Recreation	35,000	159,712	(124,712)
Arts, history & culture	45,000	142,138	(97,138)
Total capital outlay	<u>\$ 723,621</u>	<u>\$ 1,409,753</u>	<u>\$ (686,132)</u>

CITY OF SENECA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Budget Variance
Debt service			
Principal retirements	\$ 651,422	\$ 653,121	\$ (1,699)
Interest and fiscal charges	65,568	65,568	-
Total debt service	<u>\$ 716,990</u>	<u>\$ 718,689</u>	<u>\$ (1,699)</u>
 Total expenditures	 <u>\$ 14,314,471</u>	 <u>\$ 15,392,191</u>	 <u>\$ (1,077,720)</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ (5,391,670)	 \$ (6,495,736)	 \$ (1,104,065)
 Other financing sources			
Transfers in	\$ 5,791,767	\$ 6,214,060	\$ 422,293
Transfers out	(400,097)	(398,161)	1,936
Insurance recovery	-	61,612	61,612
Sale of fixed assets	-	158,110	158,110
Total other financing sources	<u>\$ 5,391,670</u>	<u>\$ 6,035,621</u>	<u>\$ 643,951</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ -	 \$ (460,115)	 \$ (460,115)
 Fund balance, beginning	 3,524,564	 3,524,564	 -
Fund balance, ending	<u><u>\$ 3,524,564</u></u>	<u><u>\$ 3,064,449</u></u>	<u><u>\$ (460,115)</u></u>



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, 2023	Year Ended June 30, 2022	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	0.061691%	0.058242%	0.061898%	0.062199%	0.062642%	0.063860%	0.060788%	0.059549%	0.062022%
City's proportion of the net pension liability	\$ 14,955,161	\$ 12,604,216	\$ 15,816,074	\$ 14,202,714	\$ 14,036,125	\$ 14,291,720	\$ 12,984,227	\$ 11,293,755	\$ 10,678,132
City's covered payroll	\$ 7,345,920	\$ 6,584,197	\$ 6,905,582	\$ 6,568,093	\$ 6,500,262	\$ 6,406,079	\$ 5,939,939	\$ 5,530,013	\$ 5,630,795
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.58%	191.43%	229.03%	216.24%	215.93%	223.10%	218.59%	204.23%	189.64%
Plan fiduciary net position as a percentage of the total pension liability	57.10%	60.70%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

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

\*\*The amounts presented were measured as 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, 2022	Year Ended June 30, 2022	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	\$ 1,362,103	\$ 1,216,484	\$ 1,024,501	\$ 1,074,509	\$ 956,314	\$ 881,435	\$ 740,543	\$ 656,957	\$ 602,771
Contribution in relation to the contractually required contribution:	<u>\$ 1,362,103</u>	<u>\$ 1,216,484</u>	<u>\$ 1,024,501</u>	<u>\$ 1,074,509</u>	<u>\$ 956,314</u>	<u>\$ 881,435</u>	<u>\$ 740,543</u>	<u>\$ 656,957</u>	<u>\$ 602,771</u>
Contribution deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Seneca covered payroll	\$ 7,756,849	\$ 7,345,920	\$ 6,584,197	\$ 6,906,582	\$ 6,568,093	\$ 6,500,262	\$ 6,406,079	\$ 5,939,939	\$ 8,250,779
Contributions as a percentage of covered payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	7.31%

Notes to Schedule:

Only the last nine 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, 2023	Year Ended June 30, 2022	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	0.179799%	0.180644%	0.184215%	0.184934%	0.188615%	0.207800%	0.216460%	0.212240%	0.211390%
City's proportion of the net pension liability	\$ 5,392,135	\$ 4,647,816	\$ 6,108,961	\$ 5,300,095	\$ 5,344,477	\$ 5,692,725	\$ 5,490,453	\$ 4,625,654	\$ 4,046,851
City's covered payroll	\$ 2,846,092	\$ 2,716,209	\$ 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 payroll	189.46%	171.11%	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	66.40%	70.40%	58.80%	62.70%	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:

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

\*\*The amounts presented were measured as 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, 2023	Year Ended June 30, 2022	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	\$ 633,088	\$ 547,588	\$ 495,460	\$ 507,590	\$ 462,444	\$ 423,979	\$ 398,484	\$ 371,732	\$ 359,752
Contribution in relation to the contractually required contribution:	633,088	547,588	495,460	507,590	462,444	423,979	398,484	371,732	359,752
Contribution deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Seneca covered payroll	\$ 3,127,903	\$ 2,846,092	\$ 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 payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to Schedule:

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

CITY OF SENECA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2023

	"C" Funds	Hospitality Tax	Accommodations Tax	American Rescue Plan Act	County ARPA Funds	CAT Operating PT- 22N711-23	Capital Earmark PT-9N739-01	CAT Operating PT- 21N711-74	Policeman's Fund	Museum Account	Narcotics Operating	Fireman's Fund	Dog Park	Total
<b>Assets</b>														
Cash	\$ -	\$ 224,448	\$ -	\$ 1,621,239	\$ -	\$ 429,703	\$ 300,000	\$ -	\$ 2,913	\$ 5,202	\$ 11,392	\$ 240	\$ 19,203	\$ 2,614,340
Prepays	-	60,542	-	-	-	-	-	-	-	-	-	-	-	60,542
Receivables														
Notes/accounts	56,117	471	53,165	-	1,712,605	193,864	-	-	-	-	-	-	-	2,016,222
<b>Total assets</b>	<b>\$ 56,117</b>	<b>\$ 285,461</b>	<b>\$ 53,165</b>	<b>\$ 1,621,239</b>	<b>\$ 1,712,605</b>	<b>\$ 623,567</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 2,913</b>	<b>\$ 5,202</b>	<b>\$ 11,392</b>	<b>\$ 240</b>	<b>\$ 19,203</b>	<b>\$ 4,691,104</b>
<b>Liabilities and fund balances</b>														
<b>Liabilities</b>														
Accounts payable	\$ 15,000	\$ 64,848	\$ 15,949	\$ 28,774	\$ 5,500	\$ 121,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,842
Due to other funds	41,117	62,707	37,215	179,095	1,707,105	-	-	-	-	-	-	-	-	2,027,239
Unearned Revenue	-	-	-	1,413,114	-	-	-	-	-	-	-	-	-	1,413,114
<b>Total liabilities</b>	<b>\$ 56,117</b>	<b>\$ 127,555</b>	<b>\$ 53,165</b>	<b>\$ 1,620,982</b>	<b>\$ 1,712,605</b>	<b>\$ 121,771</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,692,195</b>
<b>Fund balances</b>														
<b>Nonspendable</b>														
Prepays	-	60,542	-	-	-	-	-	-	-	-	-	-	-	60,542
<b>Restricted</b>														
Culture and recreation	-	97,364	-	-	-	-	-	-	-	-	-	-	-	97,364
Project administration	-	-	-	-	-	501,796	300,000	-	-	-	-	-	19,203	820,999
Other	-	-	-	257	-	-	-	-	2,913	5,202	11,392	240	-	20,004
<b>Total fund balances</b>	<b>-</b>	<b>157,906</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>501,796</b>	<b>300,000</b>	<b>-</b>	<b>2,913</b>	<b>5,202</b>	<b>11,392</b>	<b>240</b>	<b>19,203</b>	<b>998,909</b>
<b>Total liabilities and fund balances</b>	<b>\$ 56,117</b>	<b>\$ 285,461</b>	<b>\$ 53,165</b>	<b>\$ 1,621,239</b>	<b>\$ 1,712,605</b>	<b>\$ 623,567</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 2,913</b>	<b>\$ 5,202</b>	<b>\$ 11,392</b>	<b>\$ 240</b>	<b>\$ 19,203</b>	<b>\$ 4,691,104</b>

CITY OF SENECA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	"C" Funds	Hospitality Tax	Accommodations Tax	American Rescue Plan Act	County ARPA Funds	CAT Operating PT- 22N711-23	Capital Earmark PT-9N739-01	CAT Operating PT- 21N711-74	Policeman's Fund	Museum Account	Narcotics Operating	Fireman's Fund	Dog Park	Total
Revenues														
Taxes	\$ -	\$ 1,132,083	\$ 182,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,314,847
Federal aid	-	-	-	1,122,238	-	279,323	8,000	344,405	-	-	-	-	-	1,753,966
State aid	56,117	-	-	-	-	87,571	-	58,064	-	-	-	-	-	201,752
County aid	-	-	-	-	1,812,954	60,000	-	-	-	-	-	-	-	1,872,954
Investment earnings	-	-	-	172	-	-	-	-	-	-	10	-	-	182
Contributions	-	12,500	-	-	-	-	-	-	11,649	1,090	14,800	240	21,884	62,163
Other revenue	-	27,734	-	-	-	30	-	-	-	-	-	-	-	27,764
<b>Total revenues</b>	<b>\$ 56,117</b>	<b>\$ 1,172,318</b>	<b>\$ 182,764</b>	<b>\$ 1,122,410</b>	<b>\$ 1,812,954</b>	<b>\$ 426,924</b>	<b>\$ 8,000</b>	<b>\$ 402,469</b>	<b>\$ 11,649</b>	<b>\$ 1,090</b>	<b>\$ 14,810</b>	<b>\$ 240</b>	<b>\$ 21,884</b>	<b>\$ 5,233,628</b>
Expenditures														
Current operating														
Public works	\$ 56,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,117
Culture and recreation	-	851,301	-	329,592	-	-	-	-	-	-	-	-	-	1,180,893
Project administration	-	-	-	-	-	460,532	-	555,251	-	-	-	-	2,447	1,018,229
Capital outlay	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
Other	-	-	47,329	25,796	-	-	-	-	-	-	-	-	-	73,125
Benefits	-	-	-	-	-	-	-	-	9,298	8,555	34,483	-	235	52,571
<b>Total expenditures</b>	<b>\$ 56,117</b>	<b>\$ 851,301</b>	<b>\$ 47,329</b>	<b>\$ 355,388</b>	<b>\$ -</b>	<b>\$ 460,532</b>	<b>\$ 10,000</b>	<b>\$ 555,251</b>	<b>\$ 9,298</b>	<b>\$ 8,555</b>	<b>\$ 34,483</b>	<b>\$ -</b>	<b>\$ 2,681</b>	<b>\$ 2,390,935</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 321,017	\$ 135,435	\$ 767,022	\$ 1,812,954	\$ (33,608)	\$ (2,000)	\$ (152,782)	\$ 2,351	\$ (7,465)	\$ (19,673)	\$ 240	\$ 19,203	\$ 2,842,693
Other financing sources (uses)														
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,638	\$ 2,000	\$ 152,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,386
Transfers out	-	(242,600)	(135,435)	(766,850)	(1,812,954)	-	-	-	-	-	-	-	-	(2,957,838)
<b>Total other financing sources (uses), net</b>	<b>\$ -</b>	<b>\$ (242,600)</b>	<b>\$ (135,435)</b>	<b>\$ (766,850)</b>	<b>\$ (1,812,954)</b>	<b>\$ 93,638</b>	<b>\$ 2,000</b>	<b>\$ 152,748</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,709,452)</b>
Net change in fund balances	\$ -	\$ 78,417	\$ -	\$ 172	\$ -	\$ 60,031	\$ -	\$ (34)	\$ 2,351	\$ (7,465)	\$ (19,673)	\$ 240	\$ 19,203	\$ 133,242
Fund balances, beginning, as previously reported	-	79,489	-	411,385	-	441,765	300,000	34	563	12,667	31,065	-	-	1,276,968
Prior period adjustment	-	-	-	(411,300)	-	-	-	-	-	-	-	-	-	(411,300)
Fund balances, beginning as restated	-	79,489	-	85	-	441,765	300,000	34	563	12,667	31,065	-	-	865,667
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ 157,906</b>	<b>\$ -</b>	<b>\$ 257</b>	<b>\$ -</b>	<b>\$ 501,796</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 2,913</b>	<b>\$ 5,202</b>	<b>\$ 11,392</b>	<b>\$ 240</b>	<b>\$ 19,203</b>	<b>\$ 998,909</b>

CITY OF SENECA  
 "C" FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET TO ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenues			
State Aid	<u>\$ 500,000</u>	<u>\$ 56,117</u>	<u>\$ (443,883)</u>
Expenditures			
Public works/paving	<u>\$ 500,000</u>	<u>\$ 56,117</u>	<u>\$ 443,883</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



CITY OF SENECA  
HOSPITALITY TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance
<b>Revenues</b>			
Hospitality Tax	\$ 850,000	\$ 1,006,885	\$ 156,885
Local ATAX	72,000	125,198	53,198
Other revenue	43,000	40,234	(2,766)
<b>Total revenues</b>	<u>\$ 965,000</u>	<u>\$ 1,172,318</u>	<u>\$ 207,317</u>
<b>Expenditures</b>			
Current operating			
Culture and recreation	\$ 539,800	\$ 851,301	\$ (311,501)
Intergovernmental grants	10,000	-	10,000
<b>Total expenditures</b>	<u>549,800</u>	<u>851,301</u>	<u>(301,501)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 415,200	\$ 321,017	\$ (94,183)
Other financing sources (uses)			
Transfers out	<u>(207,600)</u>	<u>(242,600)</u>	<u>(35,000)</u>
<b>Change in fund balance</b>	<u>\$ 207,600</u>	<u>\$ 78,417</u>	<u>\$ (129,183)</u>
Fund balance, beginning	<u>79,489</u>	<u>79,489</u>	<u>-</u>
<b>Fund balance, ending</b>	<u><u>\$ 287,089</u></u>	<u><u>\$ 157,906</u></u>	<u><u>\$ (129,183)</u></u>

CITY OF SENECA  
 ACCOMMODATIONS TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET TO ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	<u>\$ 100,000</u>	<u>\$ 182,764</u>	<u>\$ 82,764</u>
Expenditures			
Other Tourism	<u>\$ 22,500</u>	<u>\$ 47,329</u>	<u>\$ (24,829)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 77,500	\$ 135,435	\$ 57,935
Other financing sources (uses)			
Transfers out	<u>(77,500)</u>	<u>(135,435)</u>	<u>(57,935)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SENECA  
CAT OPERATING GRANT...PT-20N711-74  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Current Year</u>	<u>Prior Periods</u>	<u>Total to Date</u>	<u>Project Authorization</u>	<u>Budget Variance</u>
<b>Revenues</b>					
Federal aid	\$ 344,405	\$ 231,352	\$ 575,757	\$ 575,757	\$ -
State aid	58,064	60,185	118,250	118,250	-
County aid	-	-	-	-	-
Total revenues	<u>\$ 402,469</u>	<u>\$ 291,537</u>	<u>\$ 694,007</u>	<u>\$ 694,007</u>	<u>\$ -</u>
<b>Expenditures</b>					
Current operating					
General government					
Project administration					
Federal	\$ 344,405	\$ 231,335	\$ 575,740	\$ 575,757	\$ (17)
State	58,064	60,177	118,241	118,250	(9)
Local	152,782	87,511	240,293	246,751	(6,458)
Capital outlay					
Local	-	-	-	-	-
Total expenditures	<u>\$ 555,251</u>	<u>\$ 379,022</u>	<u>\$ 934,274</u>	<u>\$ 940,758</u>	<u>\$ (6,486)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (152,782)	\$ (87,485)	\$ (240,267)	\$ (246,751)	\$ 6,486
Other financing sources (uses)					
Transfers in	<u>\$ 152,748</u>	<u>\$ 87,519</u>	<u>\$ 240,267</u>	<u>\$ 246,751</u>	<u>\$ (6,486)</u>
Net change in fund balance	<u>\$ (34)</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning	34	-			
Fund balance, ending	<u>\$ -</u>	<u>\$ 34</u>			

CITY OF SENECA  
CAT OPERATING GRANT...PT-22N711-23  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal aid	\$ 641,760	\$ 279,323	\$ (362,437)
State aid	156,030	87,601	(68,429)
County aid	60,000	60,000	-
Total revenues	<u>\$ 857,790</u>	<u>\$ 426,924</u>	<u>\$ (430,866)</u>
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ 641,760	\$ 279,323	\$ 362,437
State	156,030	87,571	68,459
Local	284,924	93,638	191,286
Total expenditures	<u>\$ 1,082,714</u>	<u>\$ 460,532</u>	<u>\$ 622,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (224,924)</u>	<u>\$ (33,608)</u>	<u>\$ 191,316</u>
Other financing sources (uses)			
Transfers in	<u>\$ 224,924</u>	<u>\$ 93,638</u>	<u>\$ 131,286</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 60,031</u>	<u>\$ 60,031</u>
Fund balance, beginning	<u>-</u>	<u>441,765</u>	<u>441,765</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ 501,796</u></u>	<u><u>\$ 501,796</u></u>

CITY OF SENECA  
CAT 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, 2023

	<u>Current Year</u>	<u>Prior Periods</u>	<u>Total to Date</u>	<u>Project Authorization</u>	<u>Budget Variance</u>
Revenues					
Federal aid	\$ 8,000	\$ 1,404,741	\$ 1,412,741	\$ 1,450,000	\$ 37,259
County aid	-	300,000	300,000	300,000	-
Total revenues	<u>\$ 8,000</u>	<u>\$ 1,704,741</u>	<u>\$ 1,712,741</u>	<u>\$ 1,750,000</u>	<u>\$ 37,259</u>
Expenditures					
Capital outlay	<u>\$ 10,000</u>	<u>\$ 1,833,011</u>	<u>\$ 1,843,011</u>	<u>\$ 1,950,000</u>	<u>\$ 106,988</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 1,833,011</u>	<u>\$ 1,843,011</u>	<u>\$ 1,950,000</u>	<u>\$ 106,988</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,000)	\$ (128,270)	\$ (130,270)	\$ (200,000)	\$ 69,730
Other financing sources (uses)					
Transfers in	<u>\$ 2,000</u>	<u>\$ 428,270</u>	<u>\$ 430,270</u>	<u>\$ 500,000</u>	<u>\$ (69,730)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Fund balance, beginning	300,000	300,000			
Fund balance, ending	<u>\$ 300,000</u>	<u>\$ 300,000</u>			

Note:

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

CITY OF SENECA  
LIGHT & WATER FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance
Operating revenues			
Charges for services			
Electric	\$ 20,211,000	\$ 18,445,816	\$ (1,765,184)
Water	11,200,500	10,380,742	(819,758)
Sewer	5,092,000	5,107,785	15,785
Other	1,749,299	470,915	(1,278,384)
Total operating revenues	<u>\$ 38,252,799</u>	<u>\$ 34,405,258</u>	<u>\$ (3,847,541)</u>
Operating expenses			
Light & water administration	\$ 1,301,026	\$ 2,206,409	\$ (905,383)
I&I department	163,103	124,915	38,188
Billing department	1,041,789	1,111,950	(70,161)
Engineering department	896,916	901,380	(4,464)
Electrical department	4,542,887	3,290,821	1,252,066
Water department	2,333,071	2,309,508	23,563
Sewer department	4,855,637	4,828,505	27,132
Water plant	2,095,466	1,735,655	359,811
Electrical generation/purchase	8,292,752	7,887,751	405,001
Maintenance	919,411	970,033	(50,622)
Non-departmental	4,370,741	713,621	3,657,120
Depreciation	<u>2,200,000</u>	<u>2,707,543</u>	<u>(507,543)</u>
Total operating expenses	<u>\$ 33,012,799</u>	<u>\$ 28,788,092</u>	<u>\$ 4,224,707</u>
Operating income (loss)	<u>\$ 5,240,000</u>	<u>\$ 5,617,166</u>	<u>\$ 377,166</u>
Non-operating revenues (expenses)			
Investment income	\$ -	\$ 15,632	\$ 15,632
Interest expense	-	(446,337)	(446,337)
Insurance recovery	<u>-</u>	<u>10,220</u>	<u>10,220</u>
Total non-operating revenues (expenses), net	<u>\$ -</u>	<u>\$ (420,486)</u>	<u>\$ (420,486)</u>
Income (loss) before transfers and capital contributions	<u>\$ 5,240,000</u>	<u>\$ 5,196,680</u>	<u>\$ (43,320)</u>
Transfers			
Transfers in	\$ -	\$ 2,313,199	\$ 2,313,199
Transfers out	<u>(5,240,000)</u>	<u>(5,607,753)</u>	<u>(367,753)</u>
Total transfers	<u>\$ (5,240,000)</u>	<u>\$ (3,294,554)</u>	<u>\$ 1,945,446</u>
Change in net position	\$ -	\$ 1,902,126	\$ 1,902,126
Net position, beginning	<u>\$ 39,290,500</u>	<u>\$ 39,290,500</u>	<u>\$ -</u>
Net position, ending	<u>\$ 39,290,500</u>	<u>\$ 41,192,626</u>	<u>\$ 1,902,126</u>

CITY OF SENECA  
 SENECA FACILITIES CORPORATION FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET TO ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Lease income	\$ 915,490	\$ 837,898	\$ (77,592)
Total operating revenues	<u>\$ 915,490</u>	<u>\$ 837,898</u>	<u>\$ (77,592)</u>
Operating expenses			
Facilities operations	\$ 552,969	\$ 219,232	\$ 333,737
Depreciation	<u>140,000</u>	<u>175,200</u>	<u>(35,200)</u>
Total operating expenses	<u>\$ 692,969</u>	<u>\$ 394,432</u>	<u>\$ 298,537</u>
Operating income (loss)	<u>\$ 222,521</u>	<u>\$ 443,466</u>	<u>\$ 220,945</u>
Non-operating revenues (expenses)			
Investment income	\$ -	\$ 122,975	\$ 122,975
Interest expense	<u>(124,702)</u>	<u>(115,613)</u>	<u>9,089</u>
Total non-operating revenues (expenses), net	<u>\$ (124,702)</u>	<u>\$ 7,362</u>	<u>\$ 132,064</u>
Income (loss) before transfers and capital contributions	<u>\$ 97,819</u>	<u>\$ 450,828</u>	<u>\$ 353,009</u>
Capital contributions			
Capital contribution expense	<u>\$ -</u>	<u>\$ (1,594,574)</u>	<u>\$ (1,594,574)</u>
Total capital contributions	<u>\$ -</u>	<u>\$ (1,594,574)</u>	<u>\$ (1,594,574)</u>
Transfers			
Transfers in	\$ 149,775	\$ 149,775	\$ -
Transfers out	<u>(111,667)</u>	<u>(161,667)</u>	<u>(50,000)</u>
Total transfers	<u>\$ 38,108</u>	<u>\$ (11,892)</u>	<u>\$ (50,000)</u>
Change in net position	\$ 135,927	\$ (1,155,639)	\$ (1,291,565)
Net position, beginning	<u>\$ 3,717,619</u>	<u>\$ 3,717,619</u>	<u>\$ -</u>
Net position, ending	<u><u>\$ 3,853,546</u></u>	<u><u>\$ 2,561,981</u></u>	<u><u>\$ (1,291,565)</u></u>

CITY OF SENECA  
 SENECA IMPROVEMENTS CORPORATION FUND  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET TO ACTUAL (GAAP BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Downtown programs	\$ 75,000	\$ -	\$ (75,000)
Total operating revenues	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>
Operating expenses			
Program expenses	\$ 267,500	\$ 110,961	\$ 156,539
Operating costs	7,500	7,862	(362)
Depreciation	-	21,690	(21,690)
Total operating expenses	<u>\$ 275,000</u>	<u>\$ 140,513</u>	<u>\$ 134,487</u>
Operating income (loss)	<u>\$ (200,000)</u>	<u>\$ (140,513)</u>	<u>\$ 59,487</u>
Non-operating revenues (expenses)			
Investment income	\$ -	\$ 20,689	\$ 20,689
Interest expense	-	(25,501)	(25,501)
Total non-operating revenues (expenses), net	<u>\$ -</u>	<u>\$ (4,813)</u>	<u>\$ (4,813)</u>
Income (loss) before transfers and capital contributions	<u>\$ (200,000)</u>	<u>\$ (145,326)</u>	<u>\$ 54,674</u>
Transfers			
Transfers in	\$ 200,000	\$ 3,201,119	\$ 3,001,119
Total transfers	<u>\$ 200,000</u>	<u>\$ 3,201,119</u>	<u>\$ 3,001,119</u>
Change in net position	\$ -	\$ 3,055,793	\$ 3,055,793
Net position, beginning	<u>\$ 1,704,636</u>	<u>\$ 1,704,636</u>	<u>-</u>
Net position, ending	<u><u>\$ 1,704,636</u></u>	<u><u>\$ 4,760,428</u></u>	<u><u>\$ 3,055,792</u></u>



CITY OF SENECA  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
JUNE 30, 2023

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	Fireman's 1% Fund	Municipal Court Escrow Account	Narcotics Seizure Account	Total Custodial Funds
Assets				
Cash/investments	\$ 88,649	\$ 2,839	\$ 2,028	\$ 93,515
Liabilities	-	-	-	-
Net position	\$ 88,649	\$ 2,839	\$ 2,028	\$ 93,515

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

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	Fireman's 1% Fund	Municipal Court Escrow Account	Narcotics Seizure Account	Total Custodial Funds
Additions				
Contributions	\$ 42,087	\$ 5,463	\$ -	\$ 47,550
Investment Earnings	150	-	1	151
Total Additions	\$ 42,237	\$ 5,463	\$ 1	\$ 47,701
Reductions				
Benefits	\$ 49,587	\$ 6,667	\$ -	\$ 56,254
Change in net position	\$ (7,349)	\$ (1,204)	\$ 1	\$ (8,552)
Net position, beginning	95,998	4,043	2,027	102,068
Net position, ending	\$ 88,649	\$ 2,839	\$ 2,028	\$ 93,515

**SUPPLEMENTARY INFORMATION REQUIRED  
BY THE STATE OF SOUTH CAROLINA**

CITY OF SENECA  
 UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
 For The Year Ended June 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			\$ 120,656	\$ 120,656
Court fines and assessments remitted to State Treasurer			\$ (63,936)	\$ (63,936)
<b>Total Court fines and Assessments retained</b>	\$ -	\$ -	\$ 56,720	\$ 56,720
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			\$ 3,273	\$ 3,273
Assessments retained			\$ 5,761	\$ 5,761
<b>Total Surcharges and Assessments retained for victim services</b>	\$ -	\$ -	\$ 9,035	\$ 9,035

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

<u>VICTIM SERVICE FUNDS COLLECTED</u>		Municipal	County	Total
<b>Carryforward from Previous Year - Beginning Balance</b>				
<b>Victim Service Revenue:</b>				
Victim Service Fines Retained by City/County Treasurer				\$ -
Victim Service Assessments Retained by City/County Treasurer		\$ 5,761		\$ 5,761
Victim Service Surcharges Retained by City/County Treasurer		\$ 3,273		\$ 3,273
Interest Earned				\$ -
Grant Funds Received				\$ -
Grant from:				\$ -
General Funds Transferred to Victim Service Contracts:				\$ -
(1) Town of				\$ -
(2) Town of				\$ -
(3) City of				\$ -
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)		\$ 9,035	\$ -	\$ 9,035
<b>Expenditures for Victim Service Program:</b>		<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits		\$ 9,035		\$ 9,035
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)		\$ 9,035	\$ -	\$ 9,035
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)		\$ -	\$ -	\$ -
Less: Prior Year Fund Deficit Repayment				\$ -
Carryforward Funds - End of Year		\$ -	\$ -	\$ -

## **OTHER INFORMATION**

CITY OF SENECA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY TYPE  
JUNE 30, 2023

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Governmental funds capital assets

Land	\$	1,327,312
Buildings		9,364,299
Improvements		15,230,964
Equipment		5,851,976
Vehicles		10,104,533
Construction in progress		<u>2,095,185</u>
Total	\$	43,974,269
Less, accumulated depreciation		<u>(26,942,312)</u>
Investment in capital assets	\$	<u><u>17,031,957</u></u>

CITY OF SENECA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2023

Function & activity	Land	Buildings	Improvements	Machinery & equipment	Vehicles	Construction in progress	Total
General government							
Municipal Judge	\$ -	\$ -	\$ -	\$ 10,114	\$ -	\$ -	\$ 10,114
Finance/administration	173,787	1,859,026	480,639	441,848	55,980	-	3,011,280
Planning & development	37,497	463,271	2,855,773	2,603,168	3,955,840	-	9,915,548
Beautification	-	25,050	-	36,762	-	-	61,812
<b>Total general government</b>	<b>\$ 211,284</b>	<b>\$ 2,347,347</b>	<b>\$ 3,336,412</b>	<b>\$ 3,091,892</b>	<b>\$ 4,011,820</b>	<b>\$ -</b>	<b>\$ 12,998,755</b>
Public safety							
Police department	\$ 20,000	\$ 649,393	\$ 672,260	\$ 386,285	\$ 1,324,179	\$ 143,332	\$ 3,195,450
Fire department	16,709	1,430,900	-	465,598	2,203,037	-	4,116,244
<b>Total public safety</b>	<b>\$ 36,709</b>	<b>\$ 2,080,293</b>	<b>\$ 672,260</b>	<b>\$ 851,883</b>	<b>\$ 3,527,216</b>	<b>\$ 143,332</b>	<b>\$ 7,311,694</b>
Public works							
Street department	\$ 2,000	\$ 50,000	\$ 8,243,298	\$ 990,198	\$ 701,087	\$ -	\$ 9,986,583
Sanitation department	1,000	232,460	-	591,962	1,480,704	-	2,306,125
Motor Pool	2,000	-	88,192	66,443	169,534	1,902,359	2,228,529
<b>Total public works</b>	<b>\$ 5,000</b>	<b>\$ 282,460</b>	<b>\$ 8,331,490</b>	<b>\$ 1,648,603</b>	<b>\$ 2,351,325</b>	<b>\$ 1,902,359</b>	<b>\$ 14,521,237</b>
Culture & Recreation	\$ 926,158	\$ 4,654,199	\$ 2,399,624	\$ 259,597	\$ 214,172	\$ 49,494	\$ 8,503,242
Other	\$ 148,161	\$ -	\$ 491,179	\$ -	\$ -	\$ -	\$ 639,340
<b>Total governmental funds capital assets</b>	<b>\$ 1,327,312</b>	<b>\$ 9,364,299</b>	<b>\$ 15,230,964</b>	<b>\$ 5,851,976</b>	<b>\$ 10,104,533</b>	<b>\$ 2,095,185</b>	<b>\$ 43,974,269</b>
Less accumulated depreciation							\$ (26,942,312)
<b>Net governmental funds capital assets</b>							<b>\$ 17,031,957</b>

## **STATISTICAL SECTION**



# STATISTICAL SECTION

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

	<u>Page</u>
<b><u>Contents</u></b>	
<b>Financial Trends .....</b>	<b>96 - 100</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity.....</b>	<b>101 - 102</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
<b>Debt Capacity.....</b>	<b>103 - 104</b>
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Operating Information .....</b>	<b>105</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

CITY OF SENECA  
NET POSITION BY ACTIVITY  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment capital assets	\$ 13,916,550	\$ 17,265,529	\$ 16,218,569	\$ 14,828,498	\$ 15,772,938	\$ 14,919,382	\$ 15,334,143	\$ 12,614,213	\$ 12,627,473	\$ 14,078,608
Restricted	-	739,255	87,051	634,997	364,523	671,943	1,349,861	3,404,707	3,089,470	10,399,172
Unrestricted	1,660,023	(9,327,647)	(9,199,302)	(10,365,010)	(8,314,861)	(8,749,925)	(9,883,997)	(9,679,652)	(6,674,023)	(7,238,600)
Total governmental activities net position	<u>\$ 15,576,573</u>	<u>\$ 8,677,137</u>	<u>\$ 7,106,318</u>	<u>\$ 5,098,485</u>	<u>\$ 7,822,600</u>	<u>\$ 6,841,400</u>	<u>\$ 6,800,007</u>	<u>\$ 6,339,268</u>	<u>\$ 9,042,920</u>	<u>\$ 17,239,181</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 25,449,754	\$ 28,211,666	\$ 29,604,493	\$ 30,441,509	\$ 29,838,950	\$ 32,981,016	\$ 36,474,656	\$ 42,594,865	\$ 43,762,996	\$ 52,806,050
Restricted	6,825,521	3,621,199	3,359,310	5,134,683	5,487,123	6,825,058	6,202,081	5,069,422	3,973,315	1,264,796
Unrestricted	4,806,936	2,944,743	4,634,362	2,653,062	983,952	(3,186,675)	(588,563)	(5,130,232)	(3,023,556)	(5,555,811)
Total business-type activities net position	<u>\$ 37,082,211</u>	<u>\$ 34,777,608</u>	<u>\$ 37,598,165</u>	<u>\$ 38,229,254</u>	<u>\$ 36,310,025</u>	<u>\$ 36,619,399</u>	<u>\$ 42,088,174</u>	<u>\$ 42,534,055</u>	<u>\$ 44,712,755</u>	<u>\$ 48,515,035</u>
<b>Primary government</b>										
Net investment of capital assets	\$ 39,366,304	\$ 45,477,195	\$ 45,823,062	\$ 45,270,007	\$ 45,611,888	\$ 47,900,398	\$ 51,808,799	\$ 55,209,078	\$ 56,390,469	\$ 66,884,658
Restricted	6,825,521	4,360,454	3,446,361	5,769,680	5,851,646	7,497,001	7,551,942	8,474,129	7,062,785	11,663,968
Unrestricted	6,466,959	(6,382,904)	(4,564,940)	(7,711,948)	(7,330,909)	(11,936,600)	(10,472,560)	(14,809,884)	(9,697,579)	(12,794,411)
Total primary government net position	<u>\$ 52,658,784</u>	<u>\$ 43,454,745</u>	<u>\$ 44,704,483</u>	<u>\$ 43,327,739</u>	<u>\$ 44,132,625</u>	<u>\$ 43,460,799</u>	<u>\$ 48,888,181</u>	<u>\$ 48,873,323</u>	<u>\$ 53,755,675</u>	<u>\$ 65,754,216</u>

CITY OF SENECA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<u>Governmental activities</u>										
General government	\$ 2,880,141	\$ 2,922,324	\$ 2,938,053	\$ 2,675,381	\$ 2,590,289	\$ 2,934,071	\$ 2,684,164	\$ 2,970,918	\$ 3,423,818	\$ 3,903,324
Public safety	5,274,143	5,255,627	5,826,426	5,401,131	4,889,179	5,906,088	5,754,121	6,275,924	6,113,345	5,693,774
Public works	2,470,291	2,027,531	1,914,011	1,818,224	1,745,948	1,822,986	1,570,629	1,724,063	2,210,591	1,318,454
Recreation	1,589,361	1,390,646	1,896,063	2,006,521	2,135,123	2,120,881	1,946,477	1,719,781	2,012,771	2,503,830
Arts, history & culture	-	-	-	-	-	233,424	281,732	292,098	356,603	337,267
Depreciation	-	1,467,595	1,839,837	1,682,683	1,790,142	1,866,986	1,882,904	1,873,570	1,919,794	1,965,557
Project administration	-	-	-	-	-	-	839,329	1,155,595	1,091,606	1,018,229
Other	22,117	329,758	760,849	171,986	41,489	237,446	474,054	78,763	30,668	76,906
<b>Total governmental activities expenses</b>	<b>\$ 12,236,053</b>	<b>\$ 13,393,481</b>	<b>\$ 15,175,239</b>	<b>\$ 13,755,926</b>	<b>\$ 13,192,170</b>	<b>\$ 15,121,882</b>	<b>\$ 15,433,410</b>	<b>\$ 16,090,712</b>	<b>\$ 17,159,196</b>	<b>\$ 16,817,340</b>
<u>Business-type activities</u>										
Electric	\$ 13,449,997	\$ 12,472,394	\$ 11,616,907	\$ 11,441,222	\$ 11,808,677	\$ 11,910,336	\$ 11,241,620	\$ 11,191,011	\$ 11,066,266	\$ 11,178,573
Water	3,801,050	3,359,731	2,952,225	3,706,357	3,631,564	3,484,251	3,441,555	3,262,339	4,097,574	4,045,163
Sewer	2,906,471	2,594,227	2,623,430	2,677,681	2,687,643	2,710,274	2,670,414	2,763,165	4,273,046	4,828,505
Admin	4,182,748	3,137,743	3,594,669	4,219,536	3,974,995	4,502,166	4,910,107	4,470,870	3,960,809	4,344,654
Other	-	321,121	407,951	460,413	598,714	646,851	855,792	741,056	2,069,134	2,021,709
Interest	-	595,447	649,511	786,772	748,746	701,748	644,055	706,080	643,654	587,452
Depreciation	-	1,943,632	1,953,253	2,187,710	2,341,462	2,352,281	2,389,748	2,523,169	2,661,989	2,904,433
Tornado-related	-	-	-	-	-	-	21,404	60,301	-	-
<b>Total business-type activities expenses</b>	<b>\$ 24,340,266</b>	<b>\$ 24,424,295</b>	<b>\$ 23,797,946</b>	<b>\$ 25,479,691</b>	<b>\$ 25,791,801</b>	<b>\$ 26,307,907</b>	<b>\$ 26,174,695</b>	<b>\$ 25,717,991</b>	<b>\$ 28,772,472</b>	<b>\$ 29,910,489</b>
<b>Total primary government expenses</b>	<b>\$ 36,576,319</b>	<b>\$ 37,817,776</b>	<b>\$ 38,973,185</b>	<b>\$ 39,235,617</b>	<b>\$ 38,983,971</b>	<b>\$ 41,429,789</b>	<b>\$ 41,608,105</b>	<b>\$ 41,808,703</b>	<b>\$ 45,931,668</b>	<b>\$ 46,727,829</b>
<b>Program revenues</b>										
<u>Governmental activities</u>										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,129,916
Public safety	-	-	-	-	-	-	-	-	-	56,720
Public works	972,734	979,261	986,984	992,350	1,089,334	1,098,030	1,106,608	1,119,151	1,135,567	1,151,493
Operating grants & contributions	239,818	-	-	-	-	-	-	-	-	13,470,681
Capital grants & contributions	-	155,536	95,692	64,233	192,770	55,675	850	68,097	-	-
<b>Total governmental activities program revenues</b>	<b>\$ 1,212,552</b>	<b>\$ 1,134,797</b>	<b>\$ 1,082,676</b>	<b>\$ 1,056,583</b>	<b>\$ 1,282,104</b>	<b>\$ 1,153,705</b>	<b>\$ 1,107,458</b>	<b>\$ 1,187,248</b>	<b>\$ 1,135,567</b>	<b>\$ 17,808,810</b>
<u>Business-type activities</u>										
Charges for services										
Electric	\$ 18,790,160	\$ 18,786,450	\$ 17,914,647	\$ 18,113,172	\$ 18,132,477	\$ 18,392,360	\$ 17,832,998	\$ 17,889,135	\$ 18,850,449	\$ 18,445,816
Water	6,372,494	6,683,657	6,959,335	7,326,269	7,057,113	7,921,146	8,308,740	8,482,257	10,371,327	10,380,742
Sewer	3,137,175	3,200,875	3,354,453	3,492,629	3,440,033	3,616,611	6,892,902	3,866,756	4,381,441	5,107,785
Admin	-	-	-	-	-	-	-	-	-	-
Other	1,021,056	-	1,063,099	1,135,191	1,633,492	964,778	965,372	327,781	56,501	1,308,812
Interest	-	1,193,633	626,758	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>\$ 29,320,885</b>	<b>\$ 29,864,615</b>	<b>\$ 29,918,292</b>	<b>\$ 30,067,261</b>	<b>\$ 30,263,115</b>	<b>\$ 30,894,895</b>	<b>\$ 34,000,012</b>	<b>\$ 30,565,929</b>	<b>\$ 33,659,718</b>	<b>\$ 35,243,156</b>
<b>Total primary government revenues</b>	<b>\$ 30,533,437</b>	<b>\$ 30,999,412</b>	<b>\$ 31,000,968</b>	<b>\$ 31,123,844</b>	<b>\$ 31,545,219</b>	<b>\$ 32,048,600</b>	<b>\$ 35,107,470</b>	<b>\$ 31,753,177</b>	<b>\$ 34,795,285</b>	<b>\$ 53,051,966</b>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (11,023,501)	\$ (12,258,684)	\$ (14,092,563)	\$ (12,699,343)	\$ (11,910,066)	\$ (13,968,177)	\$ (14,325,952)	\$ (14,903,464)	\$ (16,023,629)	\$ 991,470
Business-type activities	4,980,619	5,440,320	6,120,346	4,587,570	4,471,314	4,586,988	7,825,317	4,847,938	4,887,246	5,332,667
<b>Total primary government</b>	<b>\$ (6,042,882)</b>	<b>\$ (6,818,364)</b>	<b>\$ (7,972,217)</b>	<b>\$ (8,111,773)</b>	<b>\$ (7,438,752)</b>	<b>\$ (9,381,189)</b>	<b>\$ (6,500,635)</b>	<b>\$ (10,055,526)</b>	<b>\$ (11,136,383)</b>	<b>\$ 6,324,137</b>

CITY OF SENECA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General revenues and other changes in net position</b>										
<b>Governmental activities</b>										
Taxes	\$ 1,838,148	\$ 2,717,272	\$ 2,803,104	\$ 2,897,947	\$ 3,011,240	\$ 3,140,680	\$ 3,120,960	\$ 3,427,913	\$ 3,770,374	\$ 4,161,943
Fines/forfeitures	135,237	149,993	151,132	155,514	97,866	74,913	52,172	50,927	67,090	-
Licenses & permits	2,280,424	2,281,065	2,155,462	2,428,623	2,460,093	2,690,238	2,750,967	2,829,613	2,915,573	-
Intergovernmental	1,060,000	-	-	-	-	-	-	-	-	-
Federal aid, not restricted for specific purposes	2,113,063	5,156,596	1,423,918	515,214	463,143	463,907	2,070,080	1,645,773	2,956,949	1,122,238
State aid, not restricted for specific purposes	1,235,097	854,372	997,015	674,110	1,018,763	1,085,256	330,266	305,893	3,529,486	210,080
County aid	-	710,000	710,000	710,000	710,000	710,000	740,000	1,058,738	775,700	-
Investment earnings (loss)	24,272	16,205	24,512	(10,281)	(6,501)	51,501	53,551	(887)	(3,921)	10,118
Other	970,270	195,203	424,371	206,300	388,886	255,467	344,883	269,449	249,592	283,587
Lease income	-	-	-	-	-	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-	-	-	(248,039)	(280,459)	66,612
Insurance recovery	-	-	-	-	-	-	59,206	516,305	84,707	61,612
Unreimbursed lease revenue	-	-	-	-	-	-	240,000	-	-	-
Transfers	4,922,540	3,958,434	3,832,230	3,378,996	6,490,691	4,515,015	4,389,048	4,722,326	4,662,390	1,699,902
<b>Total governmental activities</b>	<b>\$ 14,579,051</b>	<b>\$ 16,039,140</b>	<b>\$ 12,521,744</b>	<b>\$ 10,956,423</b>	<b>\$ 14,634,181</b>	<b>\$ 12,986,977</b>	<b>\$ 14,151,133</b>	<b>\$ 14,578,011</b>	<b>\$ 18,727,481</b>	<b>\$ 7,616,092</b>
<b>Business-type activities</b>										
Investment earnings (loss)	\$ 80,952	\$ 66,833	\$ 115,017	\$ (35,399)	\$ (16,920)	\$ 237,388	\$ 189,307	\$ 23,545	\$ 127,254	\$ 159,296
Other	2,130	-	-	-	-	13	(13,536)	-	1,000,000	-
Lease income	-	-	-	-	-	-	869,635	915,490	800,406	-
Loss on sale of fixed assets	-	-	-	-	-	-	-	(63,434)	-	-
Insurance recovery	-	-	-	-	-	-	57,879	28,373	26,184	10,220
Forgiveness of debt	-	-	-	-	-	-	1,200,000	-	-	-
Loss on capital lease	-	-	-	-	-	-	-	(238,916)	-	-
Unreimbursed lease revenue	-	-	-	-	-	-	(240,000)	-	-	-
Transfers	(4,922,540)	(3,908,434)	(3,832,230)	(3,598,995)	(6,490,691)	(4,515,015)	(4,389,048)	(4,722,326)	(4,662,390)	(1,699,902)
<b>Total business-type activities</b>	<b>\$ (4,839,458)</b>	<b>\$ (3,841,601)</b>	<b>\$ (3,717,213)</b>	<b>\$ (3,634,394)</b>	<b>\$ (6,507,611)</b>	<b>\$ (4,277,614)</b>	<b>\$ (2,325,763)</b>	<b>\$ (4,057,268)</b>	<b>\$ (2,708,546)</b>	<b>\$ (1,530,387)</b>
<b>Total primary government</b>	<b>\$ 9,739,593</b>	<b>\$ 12,197,539</b>	<b>\$ 8,804,531</b>	<b>\$ 7,322,029</b>	<b>\$ 8,126,570</b>	<b>\$ 8,709,363</b>	<b>\$ 11,825,370</b>	<b>\$ 10,520,743</b>	<b>\$ 16,018,935</b>	<b>\$ 6,085,705</b>
<b>Change in net position</b>										
Governmental activities	\$ 3,555,550	\$ 3,780,456	\$ (1,570,819)	\$ (1,742,920)	\$ 2,724,115	\$ (981,200)	\$ (174,819)	\$ (325,453)	\$ 2,703,852	\$ 8,607,562
Business-type activities	141,161	1,598,719	2,403,133	953,176	(2,036,297)	309,374	5,499,554	790,670	2,178,700	3,802,280
<b>Total primary government</b>	<b>\$ 3,696,711</b>	<b>\$ 5,379,175</b>	<b>\$ 832,314</b>	<b>\$ (789,744)</b>	<b>\$ 687,818</b>	<b>\$ (671,826)</b>	<b>\$ 5,324,735</b>	<b>\$ 465,217</b>	<b>\$ 4,882,552</b>	<b>\$ 12,409,842</b>

CITY OF SENECA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 131,965	\$ 142,722	\$ 149,949	\$ 220,747	\$ (37,656)	\$ (98,116)	\$ 47,815	\$ 71,168	\$ 99,775	\$ 117,192
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,754,645	1,132,504	(65,548)	(766,385)	1,198,745	1,660,805	1,569,519	4,271,756	3,424,789	2,947,257
Total General Fund	\$ 1,886,610	\$ 1,275,226	\$ 84,401	\$ (545,638)	\$ 1,161,089	\$ 1,562,689	\$ 1,617,334	\$ 4,342,924	\$ 3,524,564	\$ 3,064,449
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,542
Restricted	-	-	-	-	-	-	-	-	-	10,399,172
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	113,546	(306,318)	(44,498)	120,304	268,810	248,453	-	-	-	-
Unassigned	-	-	-	-	-	-	21,588	548,144	3,729,769	-
Total all other governmental funds	\$ 113,546	\$ (306,318)	\$ (44,498)	\$ 120,304	\$ 268,810	\$ 248,453	\$ 21,588	\$ 548,144	\$ 3,729,769	\$ 10,459,714
Total all governmental funds	\$ 2,000,156	\$ 968,908	\$ 39,903	\$ (425,334)	\$ 1,429,899	\$ 1,811,142	\$ 1,638,922	\$ 4,891,068	\$ 7,254,333	\$ 13,524,164

CITY OF SENECA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 2,447,603	\$ 2,634,701	\$ 2,725,855	\$ 2,906,109	\$ 3,002,226	\$ 3,139,501	\$ 3,131,674	\$ 3,403,354	\$ 3,765,341	\$ 4,187,374
Licenses and permits	2,280,424	2,281,065	2,155,462	2,428,623	2,460,093	2,690,238	2,750,967	2,829,613	2,915,573	3,129,916
Federal aid	2,113,063	5,156,596	1,423,918	515,214	463,143	463,907	2,070,080	1,645,773	2,956,949	1,828,466
State aid	1,235,097	854,372	997,015	674,110	1,018,763	1,085,256	330,266	305,893	3,529,486	10,451,579
County aid	1,060,000	710,000	710,000	710,000	710,000	710,000	740,000	1,058,738	775,500	2,522,954
Other intergovernmental	-	-	-	-	-	-	-	-	-	517,000
Charges for services	972,734	979,261	986,984	992,350	1,089,334	1,098,030	1,106,608	1,119,151	1,135,567	1,151,493
Fines and forfeitures	135,237	149,993	151,132	155,514	97,866	74,913	52,172	50,927	67,090	56,720
Investment earnings (loss)	24,272	16,205	24,512	(10,281)	(6,501)	51,501	53,551	(887)	(3,921)	10,118
Contributions	-	-	-	-	-	-	-	55,359	32,880	62,163
Other revenues	321,869	195,203	304,098	838,991	289,980	243,690	116,414	107,652	94,940	221,423
<b>Total revenues</b>	<b>\$ 10,590,299</b>	<b>\$ 12,977,396</b>	<b>\$ 9,478,976</b>	<b>\$ 9,210,630</b>	<b>\$ 9,124,904</b>	<b>\$ 9,557,036</b>	<b>\$ 10,351,732</b>	<b>\$ 10,575,573</b>	<b>\$ 15,269,405</b>	<b>\$ 24,139,206</b>
<b>Expenditures</b>										
General government	\$ 2,514,342	\$ 2,768,658	\$ 1,774,471	\$ 1,830,615	\$ 1,686,844	\$ 1,996,903	\$ 2,388,824	\$ 2,512,577	\$ 1,716,198	\$ 2,179,096
Public safety	5,034,848	5,255,627	5,826,426	5,479,150	4,844,426	5,601,930	5,592,602	5,676,005	6,304,146	6,113,148
Public works	1,919,978	2,027,531	1,914,011	1,856,985	1,855,262	1,845,491	1,784,005	1,867,209	2,580,683	1,953,777
Project administration	-	-	1,003,327	839,146	764,479	760,836	839,329	1,155,595	1,091,606	1,018,229
Culture and recreation	1,351,931	1,390,646	1,896,063	2,015,911	2,124,956	2,070,948	1,917,062	1,616,310	2,048,719	2,527,469
Arts, history and culture	-	-	-	-	-	231,278	281,412	293,167	350,093	345,764
Non-department	-	-	-	-	-	-	-	-	1,463,886	1,454,630
Capital outlay	4,307,754	6,398,924	1,813,124	1,047,007	1,087,060	1,092,938	3,228,097	1,366,658	1,951,345	1,419,753
Debt service	215,265	153,666	160,255	17,305	127,126	104,923	254,039	295,154	315,237	718,689
Benefits	-	-	-	-	-	-	-	28,198	30,668	52,571
Other expenditures	291,557	133,569	68,499	43,456	41,492	53,011	27,172	17,716	-	-
<b>Total expenditures</b>	<b>\$ 15,635,675</b>	<b>\$ 18,128,621</b>	<b>\$ 14,456,176</b>	<b>\$ 13,129,575</b>	<b>\$ 12,531,643</b>	<b>\$ 13,758,258</b>	<b>\$ 16,312,542</b>	<b>\$ 14,828,589</b>	<b>\$ 17,852,581</b>	<b>\$ 17,783,126</b>
Excess (deficiency) of revenues over (under) expenditures	(5,045,376)	(5,151,225)	(4,977,200)	(3,918,945)	(3,406,739)	(4,201,222)	(5,960,810)	(4,253,016)	(2,583,176)	6,356,081
<b>Other financing sources</b>										
Proceeds from sale of fixed assets	\$ 6,685	\$ 10,007	\$ 120,273	\$ 10,479	\$ -	\$ 11,777	\$ -	\$ 32,535	\$ 77,572	\$ 158,110
Contributions & donations	239,818	151,536	95,692	64,233	192,770	55,675	850	12,738	-	-
Forgiven lease	-	-	-	-	-	-	240,000	-	-	-
Transfers in	4,922,540	3,958,434	3,832,230	3,378,996	5,069,202	4,515,013	4,389,048	4,722,326	4,662,391	3,461,327
Transfers out	-	-	-	-	-	-	-	-	-	(3,355,999)
Insurance recovery	-	-	-	-	-	-	59,206	516,305	84,707	61,612
Receivable write off	-	-	-	-	-	-	(47,459)	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	729,696	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	-	2,350,000	-	-
Miscellaneous income	-	-	-	-	-	-	228,469	161,794	121,772	-
<b>Total other financing sources</b>	<b>\$ 5,169,043</b>	<b>\$ 4,119,977</b>	<b>\$ 4,048,195</b>	<b>\$ 3,453,708</b>	<b>\$ 5,261,972</b>	<b>\$ 4,582,465</b>	<b>\$ 5,599,810</b>	<b>\$ 7,795,698</b>	<b>\$ 4,946,442</b>	<b>\$ 325,051</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 123,667	\$ (1,031,248)	\$ (929,005)	\$ (465,237)	\$ 1,855,233	\$ 381,243	\$ (361,000)	\$ 3,542,682	\$ 2,363,266	\$ 6,681,131
Fund balances, beginning	1,876,489	2,000,156	968,908	39,903	(425,334)	1,429,899	1,811,142	1,638,921	4,891,067	7,254,333
Prior period adjustment	-	-	-	-	-	-	188,779	(290,536)	-	(411,300)
<b>Fund balances, beginning as restated</b>	<b>\$ 1,876,489</b>	<b>\$ 2,000,156</b>	<b>\$ 968,908</b>	<b>\$ 39,903</b>	<b>\$ (425,334)</b>	<b>\$ 1,429,899</b>	<b>\$ 1,999,921</b>	<b>\$ 1,348,385</b>	<b>\$ 4,891,067</b>	<b>\$ 6,843,033</b>
Fund balances, ending	\$ 2,000,156	\$ 968,908	\$ 39,903	\$ (425,334)	\$ 1,429,899	\$ 1,811,142	\$ 1,638,921	\$ 4,891,067	\$ 7,254,333	\$ 13,524,164
Debt service as a percentage of noncapital expenditures	2%	1%	1%	0%	1%	1%	2%	2%	2%	4%

\*Calculated by adding Debt Service Interest and Principal/Total Expenditures minus total capital outlay in governmental funds

CITY OF SENECA  
 ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS

Year	Real Property	Personal Property	Motor Vehicles	Watercraft	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Actual Assessed Value as a Percentage of Actual Taxable Value
2014	\$ 28,330,820	\$ 2,744,638	\$ 3,183,620	\$ -	\$ 34,259,078	55.3	\$ 708,773,521	4.83%
2015	27,825,120	2,774,868	3,332,046	-	33,932,034	55.3	700,297,414	4.85%
2016	28,137,190	2,817,229	3,332,046	-	34,286,465	55.3	707,635,741	4.85%
2017	28,643,930	2,331,738	3,558,453	-	34,534,121	59.3	718,046,356	4.81%
2018	29,702,040	2,291,177	3,193,652	-	35,186,869	60.5	735,093,600	4.79%
2019	30,508,580	3,013,651	3,289,196	-	36,811,427	62.7	761,489,816	4.83%
2020	31,366,790	2,484,417	3,415,169	-	37,266,376	62.7	777,620,375	4.79%
2021	32,325,830	2,468,710	3,723,021	-	38,517,561	62.7	803,913,652	4.79%
2022	33,441,070	2,870,354	3,770,330	240,457	40,322,211	62.7	835,600,494	4.83%
2023	36,554,890	2,799,326	4,215,968	827,790	44,397,974	62.7	917,140,984	4.84%

Source: Oconee County Auditor's Office

CITY OF SENECA  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			Taxpayer	2014		
	Taxable Assessed value	Rank	Percentage of Total Taxable Assessed Value		Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Southwood Crescent Pointe LLC	\$ 616,500	1	1.39%	Bellsouth Telecommunications	\$ 384,340	1	1.12%
Northland Cable Television Inc	506,830	2	1.14%	Residence at Park Place LLC	379,930	2	1.11%
Triangle Clemson Ridgle LLC	495,000	3	1.11%	Crescent Pointe Partners of SC	353,360	3	1.03%
Serene Hospitality LLC	476,880	4	1.07%	Assessment Technologies LTD	290,140	4	0.85%
Kana Keowee LLC	443,850	5	1.00%	Duke Energy Corporation	224,060	5	0.65%
Residence at Park Place LLC	423,410	6	0.95%	MSD Seneca LLC	204,190	6	0.60%
AT&T Mobility LLC	369,790	7	0.83%	Community First Bank	173,490	7	0.51%
Seneca 130 LLC	348,030	8	0.78%	North Woods of SC	172,500	8	0.50%
Duke Energy Carolinas LLC	312,820	9	0.70%	OM SAI LLC	151,800	9	0.44%
Publix Super Markets Inc	294,110	10	0.66%	Edwards Land Management Inc	143,390	10	0.42%
	<u>\$ 4,287,220</u>		9.66%		<u>\$ 2,477,200</u>		7.23%
Total Seneca Assessed Value	<u>\$ 44,397,974</u>			Total Seneca Assessed Value	<u>\$ 34,259,078</u>		

Source: Oconee County Auditor's Office



CITY OF SENECA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Legal Debt Margin Calculation for Fiscal Year 2023</b>											
Assessed valuation	\$	44,397,974									
Debt limit - eight percent of total assessed value	\$	3,551,838									
Debt applicable to limit:											
General obligation bonds		<u>1,975,000</u>									
Legal debt margin	\$	<u>1,576,838</u>									
		Fiscal Year									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed value of taxable property	\$	34,259,078	\$ 33,932,934	\$ 34,286,465	\$ 34,534,121	\$ 35,186,869	\$ 36,811,427	\$ 37,266,376	\$ 38,517,561	\$ 40,322,211	\$ 44,397,974
Legal debt limit*	\$	2,740,726	\$ 2,714,635	\$ 2,742,917	\$ 2,762,730	\$ 2,814,950	\$ 2,944,914	\$ 2,981,310	\$ 3,081,405	\$ 3,225,777	\$ 3,551,838
Net debt applicable to limit		-	-	-	-	-	-	-	2,350,000	2,350,000	1,975,000
Legal debt margin	\$	<u>2,740,726</u>	\$ <u>2,714,635</u>	\$ <u>2,742,917</u>	\$ <u>2,762,730</u>	\$ <u>2,814,950</u>	\$ <u>2,944,914</u>	\$ <u>2,981,310</u>	\$ <u>731,405</u>	\$ <u>875,777</u>	\$ <u>1,576,838</u>
Total net debt applicable to the limit as a percentage of debt limit		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	76.26%	72.85%	55.61%

Source: Oconee County Auditor and Oconee County Treasurer

\*Calculated at eight percent of the total taxable assessed value.

Note:

Under South Carolina Constitution Article X, Section 14, 7(a), City of Seneca's outstanding general obligation debt should not exceed 8 percent of the total assessed property value.

CITY OF SENECA  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities				Total Primary Government
	General Obligation Bonds	Financed Purchases	Revenue Bonds	New Market Tax Credit Loan	State Revolving Fund Loans	Financed Purchases	
2014	\$ -	\$ 348,799	\$ 13,765,222	\$ 5,220,000	\$ 1,554,986	\$ 213,578	21,102,585
2015	-	195,133	13,149,872	5,220,000	10,178,295	161,378	28,904,678
2016	-	34,878	12,504,522	5,220,000	12,129,443	506,905	30,395,748
2017	-	572,977	11,464,172	5,220,000	11,936,217	900,210	30,093,576
2018	-	445,851	10,393,822	5,220,000	11,332,143	641,447	28,033,263
2019	-	818,852	9,298,472	5,220,000	10,717,592	429,334	26,484,250
2020	-	1,349,861	13,173,122	-	15,439,015	1,409,887	31,371,885
2021	2,350,000	1,054,707	11,590,202	-	15,023,930	1,122,593	31,141,432
2022	2,350,000	739,470	10,000,828	-	14,132,901	1,962,343	29,185,542
2023	1,975,000	978,349	8,414,866	-	13,211,064	1,193,665	25,772,944

Source: City of Seneca Finance Department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF SENECA  
CITY FULL TIME EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS\*\*

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Function/Program</b>										
<b>General government</b>										
Municipal judge						3	3	3	3	3
Mayor and council						0	0	0	0	0
Finance/administration						5	7	7	7	7
Planning and development						5	5	5	5	5
Beautification						0	0	0	0	6
<b>Public safety</b>										
Police department						47	47	47	46	46
Fire department						29	29	29	29	29
<b>Public works</b>										
Street department						12	12	12	11	11
Sanitation department						5	5	5	5	5
Motor Pool						5	5	5	6	6
<b>Culture and recreation</b>										
Recreation						11	11	11	9	9
Arts, history and culture						2	2	2	2	2
<b>Seneca light &amp; water</b>										
Administration						6	7	7	6	6
Inflow & infiltration						2	2	2	2	2
Billing department						8	8	8	8	8
Engineering department						8	8	8	8	7
Electric department						11	11	11	14	14
Water department						12	12	12	16	16
Sewer department						5	5	5	10	10
Water plant						8	8	8	9	9
Electrical purch/gen						1	1	1	1	1
Maintenance department						7	7	7	8	8
<b>Total</b>						<b>192</b>	<b>195</b>	<b>195</b>	<b>205</b>	<b>210</b>

\*\* Finance/Administration staff began tracking actual full time employees in fiscal year 2019.

## **COMPLIANCE SECTION**



## 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*

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The Honorable Mayor and Members  
of the City Council  
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** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 11, 2024.

### Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

### **Report on Compliance and Other Matters**

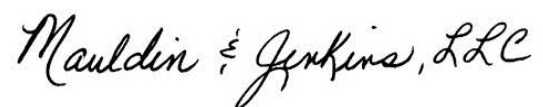
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **City of Seneca's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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



Columbia, South Carolina  
April 11, 2024



# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

## Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited the **City of Seneca, South Carolina's** (the "City") 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's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

### **Basis for Opinion on Each Major Federal Program**

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

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

### **Responsibilities of Management for Compliance**

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

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### ***Auditor's Responsibility for the Audit of Compliance***

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

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

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

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



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**Report on Internal Control over Compliance**

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

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

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

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

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
April 11, 2024

CITY OF SENECA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation			
Passed through SC Dept. of Transportation			
Formula Grants for Rural Areas	20.509	PT-21N711-74	\$ 344,405
Formula Grants for Rural Areas	20.509	PT-22N711-23	<u>279,323</u>
Total 20.509			<u>623,728</u>
Federal Transit Cluster			
Bus and Bus Facilities Formula Grant	20.526	PT-9N739-01	<u>8,000</u>
Total Federal Transit Cluster			<u>8,000</u>
Total US Department of Transportation			<u>631,728</u>
US Department of the Treasury			
Direct Programs:			
COVID-19 State and Local Fiscal Relief Fund	*** 21.027	N/A	<u>1,122,238</u>
Passed through Oconee County, South Carolina			
COVID-19 State and Local Fiscal Relief Fund	*** 21.027	N/A	<u>1,812,954</u>
Total US Department of the Treasury			<u>2,935,192</u>
US Department of Homeland Security			
Passed through S.C. Adjutant General's Office			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4542 - PW 0076	<u>74,500</u>
Total 97.036			<u>74,500</u>
Total Federal Assistance Expended			<u>\$ 3,641,420</u>

\*\*\* Major Programs  
There were no expenditures to subrecipients for the year ended June 30, 2023

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.

# CITY OF SENECA, SOUTH CAROLINA

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

### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

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

Significant deficiencies?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

#### **Federal Awards**

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

Significant deficiencies?  Yes  No

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

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

Identification of major program:

Assistance Listing Number

21.027

Name of Federal Program or Cluster

**U.S. Department of Treasury**

Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

# CITY OF SENECA, SOUTH CAROLINA

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

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### SECTION II FINANCIAL STATEMENT FINDINGS

#### **2023-001. Segregation of Duties**

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

**Condition:** During the fiscal year ended June 30, 2023, there was not appropriate segregation of duties among receipting, depositing, and recording of revenues and other financial cycles in the recreation department of the City. In general, we noted that individuals can receive revenue for recreation department activities with no internal controls to ensure reconciliation or deposit of those receipts.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Effect:** Failure to properly segregate duties among the various financial cycles in the funds possessed by the City can lead to misappropriation of assets that is not detected during the normal course of business.

**Cause:** The lack of segregation of duties is due to the limited number of individuals available to perform all of the duties as well as the lack of a properly developed integrated work plan with appropriate controls.

**Recommendation:** The duties among the various financial cycles associated with the various funds of the City should be segregated among employees to eliminate various overlapping duties. Internal controls should be implemented to ensure (1) the safeguarding of city assets and (2) misappropriation of assets does not occur.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The City is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among the financial cycles of the City.

#### **2023-002. Recognition of Revenues**

**Criteria:** GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states that recipients of "reimbursement-type" and "expenditure-driven" grant programs cannot qualify for resources without first incurring allowable costs under the provider's program which effects the timing of recognition of revenues. Cash provided in advance should be reported as unearned revenues by the recipient until allowable costs have been incurred.

**Condition:** The City recognized revenues in the prior year for funds received for the Coronavirus State and Local Fiscal Recovery Funds, an "expenditure-driven grant," in which allowable costs had not been incurred. These funds should have been recorded as unearned revenue.

**Context:** We addressed this issue with City officials, and they were able to determine the amount of unearned revenue to be recorded in the American Rescue Plan Act Fund.

# CITY OF SENECA, SOUTH CAROLINA

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

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### SECTION II FINANCIAL STATEMENT FINDINGS (CONTINUED)

#### **2023-002. Recognition of Revenues (Continued)**

**Effect:** The City determined a restatement of \$411,300 to decrease fund balance of the American Rescue Plan Act Fund and net position of the City's governmental activities in order to properly record unearned revenues as of July 1, 2022.

**Cause:** Funds received through Coronavirus State and Local Fiscal Recovery Funds were all recognized as revenue in the prior year.

**Recommendation:** We recommend the City review all relevant general ledger accounts throughout the fiscal year and ensure all respective receivables, revenues, and unearned revenues are properly identified and stated at the end of each accounting period.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The City is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to ensure that revenues and unearned revenues are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

### SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

### SECTION IV PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None Reported.

## MANAGEMENT CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

**Finding:** 2023-001 – Segregation of Duties

**Name of contact person:** Joshua Riches – Assistant City Administer - Finance

**Corrective action:** We will review the respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among the financial cycles of the City.

**Proposed completion date:** Fiscal Year 2024.

**Finding:** 2023-002 – Recognition of Revenues

**Name of contact person:** Joshua Riches – Assistant City Administrator - Finance

**Corrective action:** We have implemented the necessary controls and procedures to ensure that revenues and unearned revenues are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

**Proposed completion date:** Completed.

Respectfully submitted,



Scott Moulder  
City Administrator



Joshua Riches  
Assistant City Administrator