

**CITY OF GOOSE CREEK,  
SOUTH CAROLINA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**Honorable Mayor and Members  
of the City Council  
City of Goose Creek, South Carolina**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Goose Creek, South Carolina** (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goose Creek, South Carolina, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 12, the City of Goose Creek, South Carolina implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of January 1, 2019. This standard significantly changed the accounting for the City of Goose Creek, South Carolina's fiduciary activities. Our opinions are not modified with respect to the matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 15), the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (on page 74), the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Local Hospitality Tax Fund (on page 75), the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Goose Creek Municipal Finance Corporation, (on page 76), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System (page 78), the Schedule of Proportionate Share of the Net Pension Liability – Police Officers Retirement System (page 78), the Schedule of Contributions – South Carolina Retirement System (page 79) and the Schedule of Contributions – Police Officers Retirement System (page 79) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goose Creek, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements (on pages 81 - 84), the Comparative Schedules of Revenues – General Fund (on page 85), the Comparative Schedules of Expenditures – General Fund (on page 86), and the Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds (on page 87) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) (on pages 88 and 89) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Comparative Schedules of Revenues – General Fund, the Comparative Schedules of Expenditures – General Fund, the Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Comparative Schedules of Revenues – General Fund, the Comparative Schedules of Expenditures – General Fund, the Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Goose Creek, South Carolina's basic financial statements for the year ended December 31, 2018, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 7, 2019. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goose Creek, South Carolina's basic financial statements as a whole. The partial comparative information included in the Comparative Schedules of Revenues – General Fund, the Comparative Schedules of Expenditures – General Fund, and the Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds for the year ended December 31, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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In our opinion, the 2018 partial comparative information included in the Comparative Schedules of Revenues – General Fund, the Comparative Schedules of Expenditures – General Fund, and the Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020, on our consideration of the City of Goose Creek, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Goose Creek, South Carolina's internal control over financial reporting and compliance.

Columbia, South Carolina  
May 7, 2020

*Mauldin & Jenkins, LLC*



**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

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As management of the City of Goose Creek (the City), we offer the readers of our financial statements this narrative, overview and analysis of the financial activities of the City for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

**Financial Highlights**

- The governmental activities and business-type activities combined assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2019 by \$58,990,994 (*net position*). The unrestricted net position deficit was \$5,247,178 due to the Governmental Accounting Standards Board's requirement to record a net pension liability of \$27,114,231. Total net position increased \$5,389,527. The increase was largely due to increased revenues from business licenses, property taxes, and local option sales tax revenues.
- On December 31, 2019, the City's governmental funds reported a combined ending fund balance of \$13,812,940, an increase of \$4,901,429. The increase was primarily the result of an increase in business license collections, property taxes, and local option sales tax revenue in the general fund. The fund balance for the general fund was \$9,507,227, or 33.4% of the total general fund expenditures.
- The City's governmental activities capital assets decreased by \$830,827 (2.04%). This decrease was primarily the result of the purchase of police vehicles, new dispatch software, and other equipment. Current year capital asset additions were \$1,448,365 being offset by depreciation expense of \$1,834,344. The City's business-type activities capital assets increased by \$611,451 (1.55%), with current year capital asset additions of \$1,838,656 being offset by depreciation expense of \$1,657,607.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements** – The *government-wide financial statements* provide a broad overview of the City's operations in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City'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 is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 that are principally supported by taxes and all 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 include general government, planning, police, fire, court, sanitation, maintenance, garage, and recreation. The business-type activities include the water, recreation and golf course operations.

The government-wide financial statements can be found on pages 16-18 of this report.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

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**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 Goose Creek, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Goose Creek can be classified into two categories: governmental and proprietary funds.

**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. All of the City's basic services are reported in the governmental funds financial statements, which focus on how money flows into and out of those funds in the near-term and the balances left at year-end that are available for commitment. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be committed in the near future to finance the City of Goose Creek's programs. This information may be useful in evaluating the City's near-term financing requirements.

Because this 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 governmental wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and 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 Goose Creek maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the tax increment financing fund and the local option sales tax fund all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Goose Creek adopts an annual appropriated budget for the general fund, the local hospitality tax fund, the Goose Creek Municipal Finance Corporation, and all special revenue funds.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside of 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

**Proprietary Fund** – The City of Goose Creek maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Goose Creek uses enterprise funds to account for its water, recreation and golf course operations.

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 water, recreation and golf operations, all of which are considered to be major funds of the City of Goose Creek.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-73 of this report.

**Other Information** – The City adopts an annual appropriated budget for its general fund and all of the special revenue funds. A budgetary comparison schedule has been presented as required supplementary information for the general fund and major governmental funds to demonstrate compliance with the budget. Required supplementary information can be found on pages 74-80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81-84 of this report.

**Government-wide Financial Analysis**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City of Goose Creek's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,990,994 at the close of the most recent fiscal year.

The largest portion of the City's net position is its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**The City of Goose Creek Net Position**

	Governmental Activities		Business-type Activities		Total		Percent Change 2018 - 2019
	2018	2019	2018	2019	2018	2019	
Current and Other Assets	\$ 15,236,777	\$ 21,007,490	\$ 7,977,414	\$ 9,559,367	\$ 23,214,191	\$ 30,566,857	31.7%
Capital Assets	40,649,361	39,818,534	39,536,087	40,147,538	80,185,448	79,966,072	(0.3%)
Total Assets	55,886,138	60,826,024	47,513,501	49,706,905	103,399,639	110,532,929	6.9%
Deferred outflows	3,162,988	2,571,143	676,306	533,510	3,839,294	3,104,653	(19.1%)
Long-term Liabilities Outstanding	34,089,073	34,026,678	11,484,867	11,211,795	45,573,940	45,238,473	(0.7%)
Other Liabilities	2,903,056	3,148,573	961,244	1,519,329	3,864,300	4,667,902	20.8%
Total Liabilities	36,992,129	37,175,251	12,446,111	12,731,124	49,438,240	49,906,375	0.9%
Deferred inflows	3,725,747	4,236,145	473,479	504,068	4,199,226	4,740,213	12.9%
Net Position:							
Net Investment in Capital Assets, Net of Related Debt	26,570,673	26,387,604	32,698,627	33,636,504	59,269,300	60,024,108	1.3%
Restricted	2,339,183	4,214,064	-	-	2,339,183	4,214,064	80.2%
Unrestricted	(10,578,606)	(8,615,897)	2,571,590	3,368,719	(8,007,016)	(5,247,178)	(34.5%)
Total Net Position	\$ 18,331,250	\$ 21,985,771	\$ 35,270,217	\$ 37,005,223	\$ 53,601,467	\$ 58,990,994	10.1%

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Governmental Activities** – Governmental activities increased the City of Goose Creek’s total net position by \$5,841,850 before transfers. This was primarily due to increased business license and local option sales tax revenues.

**The City of Goose Creek Changes in Net Position**

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2018	2019	2018	2019	2018	2019	2017 - 2018
Revenues:							
Program Revenues:							
Charges for Services	\$ 10,911,657	\$ 13,971,952	\$ 7,322,013	\$ 7,288,218	\$ 18,233,670	\$ 21,260,170	16.6%
Operating Grants and Contributions	136,997	190,833	-	-	136,997	190,833	39.3%
Capital Grants and Contributions	208,951	296,266	716,089	1,453,540	925,040	1,749,806	89.2%
General Revenues:							
Property Taxes	3,238,027	3,825,867	539,523	558,159	3,777,550	4,384,026	16.1%
Local Option Sales Taxes	4,820,636	5,221,292	-	-	4,820,636	5,221,292	8.3%
Hospitality	1,655,000	1,865,847	-	-	1,655,000	1,865,847	12.7%
Franchise	2,767,905	2,835,249	-	-	2,767,905	2,835,249	2.4%
Unrestricted Grants and Contributions	837,038	868,521	-	-	837,038	868,521	3.8%
Unrestricted revenue from use of monies and property	176,625	239,367	80,628	150,338	257,253	389,705	51.5%
Miscellaneous	128,395	182,425	156,871	57,393	285,266	239,818	(15.9%)
<b>Total Revenues</b>	<b>24,881,231</b>	<b>29,497,619</b>	<b>8,815,124</b>	<b>9,507,648</b>	<b>33,696,355</b>	<b>39,005,267</b>	<b>15.8%</b>
Expenses:							
Legislative	253,938	296,687	-	-	253,938	296,687	16.8%
Administration	2,890,727	2,556,391	-	-	2,890,727	2,556,391	(11.6%)
Police	8,102,108	8,176,394	-	-	8,102,108	8,176,394	0.9%
Fire	6,246,419	6,858,055	-	-	6,246,419	6,858,055	9.8%
Sanitation	1,692,766	1,778,869	-	-	1,692,766	1,778,869	5.1%
Recreation	220,708	234,253	-	-	220,708	234,253	6.1%
Maintenance	1,233,535	1,270,311	-	-	1,233,535	1,270,311	3.0%
Garage	420,514	455,720	-	-	420,514	455,720	8.4%
Court	458,674	466,814	-	-	458,674	466,814	1.8%
Planning	203,388	182,386	-	-	203,388	182,386	(10.3%)
Economic Deelopment	-	168,188	-	-	-	168,188	0.0%
Information Technology	789,191	865,062	-	-	789,191	865,062	9.6%
Interest and Fees	364,424	346,639	-	-	364,424	346,639	0.0%
Water	-	-	4,202,330	4,409,922	4,202,330	4,409,922	4.9%
Recreation	-	-	4,923,145	5,550,049	4,923,145	5,550,049	12.7%
<b>Total Expenses</b>	<b>22,876,392</b>	<b>23,655,769</b>	<b>9,125,475</b>	<b>9,959,971</b>	<b>32,001,867</b>	<b>33,615,740</b>	<b>5.0%</b>
Increase in Net Position Before Transfers	2,004,839	5,841,850	(310,351)	(452,323)	1,694,488	5,389,527	218.1%
Transfers	(13,636,434)	(2,187,329)	13,636,434	2,187,329	-	-	
Increase (Decrease) in Net Position	(11,631,595)	3,654,521	13,326,083	1,735,006	1,694,488	5,389,527	218.1%
Net Position January 1	29,962,845	18,331,250	21,944,134	35,270,217	51,906,979	53,601,467	3.3%
Net Position, December 31	\$ 18,331,250	\$ 21,985,771	\$ 35,270,217	\$ 37,005,223	\$ 53,601,467	\$ 58,990,994	10.1%

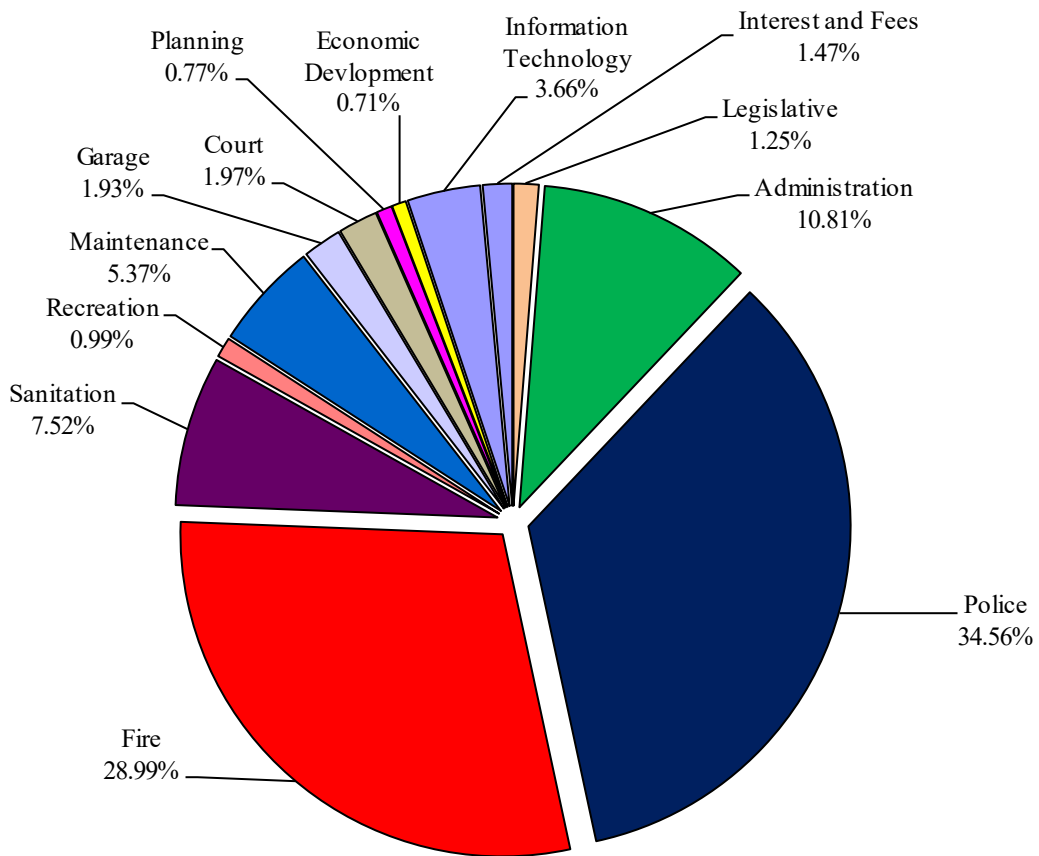
Charges for services were the City’s largest program revenue, accounting for \$13,971,952 (47.4%) of total governmental revenues. These charges are for fees related to business licenses, building permits, court fines and E911 fees.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2019**

Property tax revenues accounted for \$3,825,867 (13.0%) of governmental revenues. Another component of general revenues that is related to property taxes is the revenue received from local option sales taxes which accounted for \$5,221,292 (17.7%). Franchise fees of \$2,835,249 (9.6%) and the local hospitality tax of two percent of the sales of food and beverages generated \$1,865,847 (6.3%) in revenue. The top five revenue sources combined for a total of at \$27,720,207 (94.0%) of the revenue for the City.

The Police Department program accounted for \$8,176,394 (34.6%) of the \$23,655,769 total expenses for governmental activities. The Fire Department had the next largest program accounting for \$6,858,055 (29.0%) of the total governmental expenditures.

**Expenditures by Department**



The following table for governmental activities indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**Governmental Activities – Cost of Services**

	2018		2019		Total Cost of Services Percentage Change	Total Net Cost of Services Percentage Change
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services		
Legislative	\$ 253,938	\$ (253,938)	\$ 296,687	\$ (296,687)	16.83%	(16.83%)
Administration	2,890,727	4,757,824	2,556,391	7,988,622	(11.57%)	67.90%
Police	8,102,108	(7,096,539)	8,176,394	(6,891,286)	0.92%	2.89%
Fire	6,246,419	(5,289,724)	6,858,055	(5,928,370)	9.79%	(12.07%)
Sanitation	1,692,766	(48,976)	1,778,869	(79,624)	5.09%	(62.58%)
Recreation	220,708	(220,708)	234,253	(234,253)	6.14%	(6.14%)
Maintenance	1,233,535	(1,233,535)	1,270,311	(1,270,311)	2.98%	(2.98%)
Garage	420,514	(420,514)	455,720	(455,720)	8.37%	(8.37%)
Court	458,674	(458,674)	466,814	(466,814)	1.77%	(1.77%)
Planning	203,388	(203,388)	182,386	(182,386)	(10.33%)	10.33%
Economic Development	-	-	168,188	(168,188)	-	-
Information Technology	789,191	(789,191)	865,062	(865,062)	9.61%	9.61%
Interest and Fees	364,424	(364,424)	346,639	(346,639)	(4.88%)	(4.88%)
<b>Total Expenses</b>	<b>\$ 22,876,392</b>	<b>\$ (11,621,787)</b>	<b>\$ 23,655,769</b>	<b>\$ (9,196,718)</b>	<b>3.41%</b>	<b>20.87%</b>

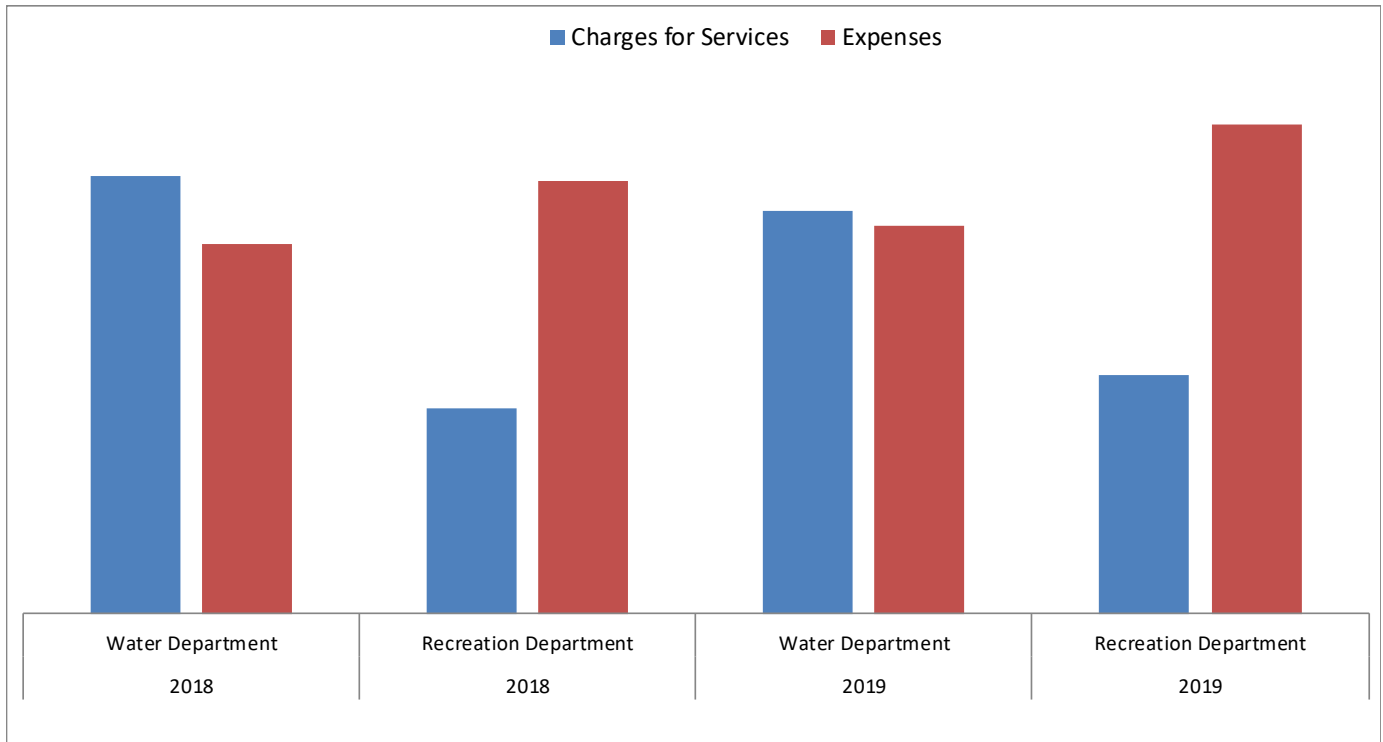
Program revenues from charges for services and operating and capital grants of \$14,459,051 (61.1% of the total costs of services) were received and used to fund the general government expenses of the City. The remaining \$9,196,718 in general government expenses were funded by property taxes, local option sales taxes, hospitality tax, franchise fees, unrestricted grants and other revenue.

**Business-type Activities**

Charges for services were the City's largest business-type program revenue, accounting for \$7,288,218 (83.4%) of the total business-type activities program revenues. These charges are: water and water services, (i.e. sales of water, tap and impact fees, late charges, administration fees, and fire demand fees) for the water enterprise fund; recreation fund revenue from memberships, recreation fees, class fees and concession stand sales; and memberships, green fees, cart fees, pro shop sales, and food and beverage sales for the golf enterprise fund. The recreation fund received \$1,756,771 during 2019 from the general fund for recreation operations.

The water enterprise fund also had capital contributions of \$1,453,540 for the water lines which were primarily installed at Carnes Crossing and Liberty Village.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2019**



**Financial Analysis of the City of Goose Creek's Funds**

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

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

As of December 31, 2019, the City's total governmental funds reported a combined ending fund balance of \$13,812,940. Approximately 50.8% of this total (\$7,013,250) is unassigned fund balance. The remaining fund balances are: nonspendable, \$576,563; restricted, \$4,214,064 committed, \$17,414; and assigned, \$1,991,649. The largest portion of the restricted fund balance is \$1,850,748 for capital projects.

The general fund is the primary operating fund of the City. At the end of the current year the unassigned fund balance of the general fund was \$7,013,250 with a total fund balance of \$9,507,227. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.4% of total general fund expenditures, while total fund balance represents 42.2% of that same amount.

The City instituted a two percent hospitality tax on food and beverages in 2014. Revenue generated from the hospitality fee must be used for purposes which include; tourism-related, cultural, recreational or historical facilities. During 2019 \$458,408 was spent for capital projects for the recreation and golf enterprise funds. The hospitality fund revenue for 2019 was \$1,834,683.

The Goose Creek Municipal Finance Corporation is the funding mechanism for the construction of the Headquarters Fire Station and the substation and repayment of the associated debt; all expenditures in 2019 were spent for bond compliance and principal and interest payments.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

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

As stated earlier the business-type activities net position increased by \$1,735,006 primarily due to an increase in gymnastics revenue and some golf course improvements that were funded by hospitality tax fund revenues and the associated transfer in of \$430,558. Another contributing factor for this increase was capital contributions of water lines in the water fund totaled \$1,453,540. The total change in net position for the funds was an increase of \$1,793,896 in the water department and a decrease of \$58,890 in the recreation department. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### **Budgetary Highlights**

The City's general fund revenues were \$1,872,522 more than budgeted and was primarily due from an increase in licenses and permits as well as interest income. Expenditures were \$626,635 less than budgeted. The actual increase in the City's general fund balance was \$3,024,813. The hospitality fund had an increase in fund balance of \$625,227, which was \$29,257 less than what was budgeted. This was primarily due to hospitality tax collections exceeding the budgeted amount by \$186,000 and an increase in capital outlay expenditures from the prior year due to timing as a result of a Hurricane. The Goose Creek Municipal Finance Corporation had \$659,212 in expenditures, which was \$6,359 more than budgeted. This was due the expenditure of funds for bond compliance matters.

### **Capital Assets and Debt Administration**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, was \$79,966,072 (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, buildings, improvements, vehicles, computers, software, equipment, mast arms and infrastructure.

### **Capital Assets and Debt Administration (Continued)**

Some of the major capital asset events during the current fiscal year included the following:

- Construction in progress for new software for business licenses and building permits - \$96,737
- Golf course improvements - \$430,558
- Water system improvements - \$335,926
- Purchase of eleven police vehicles - \$263,172
- Upgrading a portion of the HVAC system at the Municipal Complex - \$62,707
- Purchase of new software for dispatch / CAD for - \$317,026
- Purchase of three trucks for the fire department - \$116,917
- Purchase of equipment for the fire department, which included an upgraded air compressor for the SCBAs - \$101,393
- Contribution of water lines - \$1,453,540

Additional information on the City's capital assets can be found in Note 6 – Capital Assets.



**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

**The City of Goose Creek Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2018	2019	2018	2019	2018	2019	2018 - 2019
Land	\$ 7,956,070	\$ 7,961,070	\$ 1,956,615	\$ 1,956,615	\$ 9,912,685	\$ 9,917,685	0.1%
Construction in progress	88,031	203,090	-	-	88,031	203,090	130.7%
Buildings	22,564,016	21,919,840	12,709,922	12,385,432	35,273,938	34,305,272	(2.7%)
Improvements	113,612	97,023	413,107	376,348	526,719	473,371	(10.1%)
Vehicles	2,272,774	2,184,936	145,397	124,314	2,418,171	2,309,250	(4.5%)
Software	-	317,026	-	-	-	317,026	0.0%
Mast Arms	527,147	453,264	-	-	527,147	453,264	(14.0%)
Equipment and computers	729,639	717,234	583,418	491,772	1,313,057	1,209,006	(7.9%)
Streetscape	4,556,408	4,258,481	-	-	4,556,408	4,258,481	(6.5%)
Infrastructure	1,841,664	1,706,570	-	-	1,841,664	1,706,570	(7.3%)
Water System	-	-	22,837,632	23,590,304	22,837,632	23,590,304	3.3%
Land Improvements	-	-	889,996	1,222,753	889,996	1,222,753	37.4%
	<u>\$ 40,649,361</u>	<u>\$ 39,818,534</u>	<u>\$ 39,536,087</u>	<u>\$ 40,147,538</u>	<u>\$ 80,185,448</u>	<u>\$ 79,966,072</u>	(0.3%)

**Long-Term Debt** - At the end of the current fiscal year, the City had a total long-term debt outstanding of \$19,941,964. The debt does not comprise debt backed by the full faith and credit of the government. The governmental activities debt consists of a revenue bond payable of \$5,284,839 for the construction of two fire stations; a revenue bond of \$7,317,219 for the construction of a recreation facility; a note payable of \$235,732 for the purchase of three sanitation trucks; a note payable for the purchase of a pumper truck \$503,823 and a capital lease payable of \$89,317 for the purchase of emergency medical equipment for the fire department. The business-type activities debt includes a note payable of \$6,256,160 for the construction of a water tower and expansion of the water system and capital leases of \$254,874 for the purchase of golf maintenance equipment.

Additional information on the City's long-term debt can be found in Note 8 - Long-Term Debt.

**The City of Goose Creek Outstanding Debt  
Revenue Bonds, Notes Payable and Leases Payable**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2019	2018	2019	2018	2019	2018 - 2019
Revenue bonds	\$ 13,633,086	\$ 12,602,058	\$ -	\$ -	\$ 13,633,086	\$ 12,602,058	(7.6%)
Notes payable	326,811	739,555	6,507,829	6,256,160	6,834,640	6,995,715	2.4%
Leases payable	118,791	89,317	329,631	254,874	448,422	344,191	(23.2%)
	<u>\$ 14,078,688</u>	<u>\$ 13,430,930</u>	<u>\$ 6,837,460</u>	<u>\$ 6,511,034</u>	<u>\$ 20,916,148</u>	<u>\$ 19,941,964</u>	(4.7%)

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

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**Economic Factors and Next Year's Budget**

The City continues to experience both economic and population growth. According to the City's latest economic development strategic plan, the City population climbed over 45,000 in 2019. This represents a 27.4% increase in population since 2010. Population is expected to reach near 50,000 by 2024.

The City issued 518 more business licenses during 2019 than the prior year which is a 13% increase from the prior year. Business license revenue increased 6.4% which equated to approximately \$468,000. This was attributable to an increase of \$70,122,703 in reported gross sales by companies doing work within the city limits, which had a positive impact on business license revenue. Building permit revenue increased \$305,340 from 2018, and 516 more permits were issued, a 21% increase.

The City issued 365 new housing construction permits, an increase of 57 or 19% over the previous year. The City has development agreements that will provide in excess of over 10,000 new houses and several large commercial development sites over the next twenty years ensuring long term managed growth.

During the current fiscal year, the City's general fund balance increased \$3,024,813, primarily the result of increased revenues from business licenses, property taxes, and local option sales taxes. The Goose Creek Municipal Finance Corporation Fund's fund balance decreased \$1,508, as the result of the expenditure of funds for bond compliance items.

The hospitality tax fund balance increased by \$625,227 as the result of the increased hospitality tax collections construction of the Recreation Activity Center and use of unspent bond proceeds from the prior year. The total other governmental fund balances increased by \$1,252,987 which was primarily the result of an increase in impact fees.

The City still maintains the funds necessary to continue to provide quality services to the residents.

Commercial Development continued its rapid pace in the city, with just under \$800,000,000 in gross taxable sales for the year (Department of Revenue). In addition to existing retail sales growth, Goose Creek Village will open 30,000 square feet of space in the third quarter of 2020, including several service and restaurant businesses.

In June of 2020, the City will close on its sale of its old Fire Station HQ. The property is being sold to a developer who specializes in adaptive re-use of older buildings, and, through cooperation with staff, has attracted a high-end brewery and food and beverage tenant. The City believes it will be a catalytic spark for revitalization of that part of the community.

Staff also worked with a regional investor to attract quick service and medical businesses to a location in a high traffic commercial area. The City negotiated the sale of an under-utilized recreation area, which will make the project "work" for the developer. The project will fill some of the identified niches in the Leakage Assessment Study.

In late 2019, CR Hipp broke ground on their new headquarters, bringing approximately 100 jobs to the City. Additionally, the City continues its work with CDRA, the County Economic Development Staff, and the SC Department of Commerce to fill the Crowfield Corporate Park with industrial operators.

The Carnes Crossroads community continued to make progress in commercial growth. In September of 2019, Roper Saint Francis opened their new Berkeley Hospital location there, representing the first full-service hospital in the County in decades. There have also been other commercial projects in the Carnes Crossroads community, include several quick service and full service restaurants—a niche the City has been actively looking to fill. Growth at Carnes is expected to continue, and staff works actively with principals from the community to help enable commercial activity.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019**

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In late 2019, the latest Economic Development Strategic Plan was completed, being created through input by stakeholders and analysis of data. Based on the plan, the City has partnered with a marketing firm to launch their 2020 Marketing Strategy, which will deliver fresh new ED content digitally across multiple platforms. The plan was made possible by a marketing line item in the Department's budget for the first time. Also based on the new Plan, new initiatives surrounding entrepreneurship, brand recognition, and mission trips are planned by the Economic Development Staff.

The biggest potential economic development project in the City's history began in 2019, as well. City staff and Council worked with Century aluminum on a plan for annexation of their property. Additionally, they worked with the Company in order to develop a municipal electric company that will supply their facility with 100% of their electric energy needs. Both the annexations and the power supply plan will be completed by January of 2021, when Century's contract with their current electric provider expires. Overall, the project will represent millions in investment and approximately new 300 jobs.

The City continued a multi-year water system capital improvements project and has been able to complete installation of a secondary connection to provide a redundant feed to over 750 customers via the installation of 300 linear feet of 10" water main and associated appurtenances. The City also replaced over 600 linear feet of failing asbestos-cement water main with a new C900 PVC water main. Funding for the improvements were provided via the annual water enterprise budget for "Improvements to the System" 800-8015.

The water enterprise fund installed 308 new water taps during 2019 as a result of new housing construction. The radio-read meter upgrade program installation to convert all manual-read water meters to radio-read meters has continued on schedule; 10,949 meters have been installed or converted through 2019, leaving approximately 321 to be converted over the next year for complete the project.

The General Fund 2020 budget is \$1,330,810 (5.5%) higher than the approved 2019 budget for revenues and \$1,366,901 (5.7%) higher for expenditures. A large portion of the budgeted increase in revenue comes from anticipated increases in property taxes, local option sales taxes, and business licenses. The General Fund 2020 expenditure budget continues to focus on strengthening the police and fire departments as well as funding more municipal services.

Like many municipalities, the City is closely monitoring the effects of the coronavirus and COVID – 19 pandemic. The overall effect on the City has not yet been determined.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Goose Creek'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:

City of Goose Creek  
Finance Director  
Post Office Drawer 1768  
Goose Creek, South Carolina 29445

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,039,742	\$ 8,969,178	\$ 22,008,920
Restricted cash	177,302	-	177,302
Receivables, net of allowance			
Taxes	1,342,578	182,006	1,524,584
Accounts	1,426,032	441,309	1,867,341
Fines	737,809	-	737,809
Due from county treasurer	1,564,616	148,996	1,713,612
Due from other governments	1,820,587	-	1,820,587
Internal balances	322,261	(322,261)	-
Inventories	80,513	131,439	211,952
Prepaid items	496,050	8,700	504,750
Capital assets:			
Non-depreciable	8,164,160	1,956,615	10,120,775
Depreciable, net of accumulated depreciation	31,654,374	38,190,923	69,845,297
Total assets	<u>60,826,024</u>	<u>49,706,905</u>	<u>110,532,929</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions made subsequent to measurement date	896,786	189,424	1,086,210
Differences between expected and actual experience related to pension expense	152,319	7,981	160,300
Pension assumption changes	587,084	98,321	685,405
Differences between projected and actual investment earnings	205,169	62,152	267,321
Changes in proportion and differences between employer contribution and proportionate share of contributions	729,785	175,632	905,417
Total deferred outflows of resources	<u>2,571,143</u>	<u>533,510</u>	<u>3,104,653</u>
<b>LIABILITIES</b>			
Accounts payable	779,646	625,462	1,405,108
Accrued salaries and related liabilities	569,002	127,788	696,790
Escrow and retainage payable	89,508	-	89,508
Unearned revenue	-	150,525	150,525
Due to developers	-	91,950	91,950
Accrued interest payable	83,040	28,153	111,193
Noncurrent liabilities			
Due within one year	1,627,377	495,451	2,122,828
Due in more than one year	12,051,894	6,072,348	18,124,242
Net pension liability - due in more than one year	21,974,784	5,139,447	27,114,231
Total liabilities	<u>37,175,251</u>	<u>12,731,124</u>	<u>49,906,375</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for future years	3,618,201	469,601	4,087,802
Deferred property tax credit	26,668	-	26,668
Business licenses collected in advance	378,499	-	378,499
Differences between expected and actual experience related to pension expense	162,443	33,815	196,258
Changes in proportion and differences between employer contribution and proportionate share of contributions	50,334	652	50,986
Total deferred inflows of resources	<u>4,236,145</u>	<u>504,068</u>	<u>4,740,213</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,387,604	33,636,504	60,024,108
Restricted for:			
Public safety	888,916	-	888,916
Tourism	1,461,358	-	1,461,358
Debt service	13,042	-	13,042
Capital projects	1,850,748	-	1,850,748
Unrestricted	(8,615,897)	3,368,719	(5,247,178)
Total net position	<u>\$ 21,985,771</u>	<u>\$ 37,005,223</u>	<u>\$ 58,990,994</u>

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

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Legislative	\$ 296,687	\$ -	\$ -	\$ -
Administrative	2,556,392	10,545,013	-	-
Police	8,176,394	865,231	130,767	289,110
Fire	6,858,055	862,463	60,066	7,156
Sanitation	1,778,869	1,699,245	-	-
Recreation	234,253	-	-	-
Maintenance	1,270,310	-	-	-
Garage	455,720	-	-	-
Court	466,814	-	-	-
Planning	182,386	-	-	-
Economic development	168,188	-	-	-
Information technology	865,062	-	-	-
Interest and fees	346,639	-	-	-
Total governmental activities	<u>23,655,769</u>	<u>13,971,952</u>	<u>190,833</u>	<u>296,266</u>
Business-type activities:				
Water Department	4,409,922	4,574,743	-	1,453,540
Recreation Department	5,550,049	2,713,475	-	-
Total business-type activities	<u>\$ 9,959,971</u>	<u>\$ 7,288,218</u>	<u>\$ -</u>	<u>\$ 1,453,540</u>
General revenues:				
Taxes				
Property, including fee in lieu of taxes				
Local option sales tax				
Hospitality				
Franchise				
Grants and contributions not restricted to specific programs				
Unrestricted revenue from use of money and property				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

**Net (Expenses) Revenues and  
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (296,687)	\$ -	\$ (296,687)
7,988,621	-	7,988,621
(6,891,286)	-	(6,891,286)
(5,928,370)	-	(5,928,370)
(79,624)	-	(79,624)
(234,253)	-	(234,253)
(1,270,310)	-	(1,270,310)
(455,720)	-	(455,720)
(466,814)	-	(466,814)
(182,386)	-	(182,386)
(168,188)	-	(168,188)
(865,062)	-	(865,062)
(346,639)	-	(346,639)
<u>(9,196,718)</u>	<u>-</u>	<u>(9,196,718)</u>
-	1,618,361	1,618,361
-	(2,836,574)	(2,836,574)
<u>\$ -</u>	<u>\$ (1,218,213)</u>	<u>\$ (1,218,213)</u>

3,825,867	558,159	4,384,026
5,221,292	-	5,221,292
1,865,847	-	1,865,847
2,835,249	-	2,835,249
868,521	-	868,521
239,367	150,338	389,705
182,425	57,393	239,818
(2,187,329)	2,187,329	-
<u>12,851,239</u>	<u>2,953,219</u>	<u>15,804,458</u>
3,654,521	1,735,006	5,389,527
18,331,250	35,270,217	53,601,467
<u>\$ 21,985,771</u>	<u>\$ 37,005,223</u>	<u>\$ 58,990,994</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<b>General Fund</b>	<b>Local Hospitality Tax Fund</b>	<b>Goose Creek Municipal Finance Corporation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,179,026	\$ 1,072,775	\$ -	\$ 787,941	\$ 13,039,742
Receivables, net of allowance					
Taxes	1,342,578	-	-	-	1,342,578
Accounts	1,262,511	158,728	-	4,793	1,426,032
Fines	620,631	-	-	117,178	737,809
Due from county treasurer	1,564,616	-	-	-	1,564,616
Due from governments	1,687,701	-	-	132,886	1,820,587
Due from other funds	573,832	-	256,233	2,128,436	2,958,501
Inventories	80,513	-	-	-	80,513
Prepaid expenditures	496,050	-	-	-	496,050
Restricted cash	-	177,302	-	-	177,302
<b>Total assets</b>	<b>\$ 18,807,458</b>	<b>\$ 1,408,805</b>	<b>\$ 256,233</b>	<b>\$ 3,171,234</b>	<b>\$ 23,643,730</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 542,588	\$ -	\$ 236,832	\$ 226	\$ 779,646
Accrued salaries and related liabilities	569,002	-	-	-	569,002
Escrow payable	28,986	-	-	60,522	89,508
Due to other funds	2,520,439	67,587	6,359	41,855	2,636,240
<b>Total liabilities</b>	<b>3,661,015</b>	<b>67,587</b>	<b>243,191</b>	<b>102,603</b>	<b>4,074,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	3,618,201	-	-	-	3,618,201
Business licenses collected in advance	26,668	-	-	-	26,668
Deferred property tax credit	378,499	-	-	-	378,499
Unavailable revenue - intergovernmental	1,615,848	-	-	117,178	1,733,026
<b>Total deferred inflows of resources</b>	<b>5,639,216</b>	<b>-</b>	<b>-</b>	<b>117,178</b>	<b>5,756,394</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories and prepaids	576,563	-	-	-	576,563
Restricted for:					
Public safety	-	-	-	888,916	888,916
Tourism	-	1,341,218	-	120,140	1,461,358
Debt service	-	-	13,042	-	13,042
Capital projects	-	-	-	1,850,748	1,850,748
Committed for:					
Tree replacement	17,414	-	-	-	17,414
Assigned for:					
Capital projects	1,900,000	-	-	91,649	1,991,649
Unassigned	7,013,250	-	-	-	7,013,250
<b>Total fund balances</b>	<b>9,507,227</b>	<b>1,341,218</b>	<b>13,042</b>	<b>2,951,453</b>	<b>13,812,940</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 18,807,458</b>	<b>\$ 1,408,805</b>	<b>\$ 256,233</b>	<b>\$ 3,171,234</b>	<b>\$ 23,643,730</b>

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

## CITY OF GOOSE CREEK, SOUTH CAROLINA

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

Total governmental fund balances:	\$	13,812,940
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:</p>		
Cost of assets	\$ 58,278,752	
Accumulated depreciation	<u>(18,460,218)</u>	39,818,534
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported or are deferred in the funds:</p>		
State aid to subdivisions	\$ 426,036	
State accommodations tax	19,252	
Fines and forfeitures	737,808	
EMS revenue	<u>549,930</u>	1,733,026
<p>Other long-term assets related to pension expense are not available to pay for current expenditures and are; therefore, not reported or are deferred in the funds:</p>		
Contributions made subsequent to measurement date	\$ 896,786	
Differences between expected and actual experience related to pension expense	152,319	
Pension assumption changes	587,084	
Differences between projected and actual investment earnings	205,169	
Changes in proportion and differences between employer contribution and proportionate share of contributions	<u>729,785</u>	2,571,143
<p>Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Net pension liabilities	\$ (21,974,784)	
Compensated absences payable	(248,341)	
Accrued interest payable	(83,040)	
Capital leases	(89,317)	
Notes payable	(739,555)	
Revenue bonds	<u>(12,602,058)</u>	(35,737,095)
<p>Other long-term liabilities related to pension expense do not consume current financial resources and are, therefore, not reported in the funds:</p>		
Differences between expected and actual experience related to pension expense	\$ (162,443)	
Changes in proportion and differences between employer contribution and proportionate share of contributions	<u>(50,334)</u>	<u>(212,777)</u>
Net position of governmental activities	\$	<u><u>21,985,771</u></u>

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



**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Local Hospitality Tax Fund	Goose Creek Municipal Finance Corporation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local revenues:					
Property taxes	\$ 3,806,820	\$ -	\$ -	\$ -	\$ 3,806,820
Licenses, permits, and franchise taxes	11,948,874	1,834,683	-	-	13,783,557
Charges for services	2,819,095	-	-	-	2,819,095
Fines and forfeitures	373,981	-	-	90,131	464,112
Miscellaneous	435,489	2,364	4,851	1,168,859	1,611,563
Total local revenues	<u>19,384,259</u>	<u>1,837,047</u>	<u>4,851</u>	<u>1,258,990</u>	<u>22,485,147</u>
State revenues	6,136,899	-	-	237,306	6,374,205
Federal revenues	255,756	-	-	-	255,756
Total revenues	<u>25,776,914</u>	<u>1,837,047</u>	<u>4,851</u>	<u>1,496,296</u>	<u>29,115,108</u>
<b>Expenditures:</b>					
Current:					
Legislative	275,571	-	-	-	275,571
Administrative	1,780,421	44,205	6,359	-	1,830,985
Police	7,509,418	-	-	210,991	7,720,409
Fire	5,644,493	-	-	-	5,644,493
Sanitation	1,557,571	-	-	-	1,557,571
Recreation	-	-	-	32,408	32,408
Maintenance	1,088,919	-	-	-	1,088,919
Garage	418,858	-	-	-	418,858
Court	413,009	-	-	-	413,009
Planning	159,420	-	-	-	159,420
Economic development	144,532	-	-	-	144,532
Information technology	806,636	-	-	-	806,636
Capital outlay	984,957	458,408	-	-	1,443,365
Debt service:					
Principal retirement	216,730	539,262	491,766	-	1,247,758
Interest	19,380	169,945	161,087	-	350,412
Total expenditures	<u>21,019,915</u>	<u>1,211,820</u>	<u>659,212</u>	<u>243,399</u>	<u>23,134,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,756,999</u>	<u>625,227</u>	<u>(654,361)</u>	<u>1,252,897</u>	<u>5,980,762</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	652,853	-	652,853
Transfers out	(2,409,624)	-	-	-	(2,409,624)
Proceeds from sale of capital assets	400	-	-	-	400
Insurance proceeds	77,038	-	-	-	77,038
Proceeds from issuance of debt	600,000	-	-	-	600,000
Total other financing sources (uses)	<u>(1,732,186)</u>	<u>-</u>	<u>652,853</u>	<u>-</u>	<u>(1,079,333)</u>
Net change in fund balances	3,024,813	625,227	(1,508)	1,252,897	4,901,429
<b>Fund balances, beginning of year</b>	<u>6,482,414</u>	<u>715,991</u>	<u>14,550</u>	<u>1,698,556</u>	<u>8,911,511</u>
<b>Fund balances, end of year</b>	<u>\$ 9,507,227</u>	<u>\$ 1,341,218</u>	<u>\$ 13,042</u>	<u>\$ 2,951,453</u>	<u>\$ 13,812,940</u>

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

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds \$ 4,901,429

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 as depreciation expense. This is the amount by which depreciation expense and contribution of capital assets exceeded capital outlay in the current period.

Capital outlay	\$	1,448,365	
Depreciation expense		(1,834,344)	
Contribution of capital assets to business-type activities		<u>(430,558)</u>	(816,537)

In the Statement of Activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed.

Cost of capital assets	\$	(98,842)	
Accumulated depreciation		<u>84,552</u>	(14,290)

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:

State aid to subdivisions	\$	(405,871)	
State accommodations tax		(42,255)	
Fines and forfeitures		(584,516)	
EMS revenue		(317,873)	

Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:

State aid to subdivisions	\$	426,036	
State accommodations tax		19,252	
Fines and forfeitures		737,808	
EMS revenue		<u>549,930</u>	382,511

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position.

Issuance of debt	\$	(600,000)	
Repayment of debt		<u>1,247,758</u>	647,758

Pension expense that is related to net pension liability as recorded in the statement of activities is based on the City's proportionate share of pension expense of the retirement system as a whole, whereas pension expense recorded in the funds are based on the use of financial resource (e.g., required contributions). Thus the change in net position differs from the change in fund balance by the amount by which the City's proportionate share of pension expense exceeds actual contributions. (1,448,783)

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 the governmental funds. The details are as follows:

Compensated absences:			
Current year	\$	(248,341)	
Prior year		247,001	
Accrued interest expense:			
Current year		(83,040)	
Prior year		<u>86,813</u>	<u>2,433</u>

Change in net position of governmental activities	\$	<u><u>3,654,521</u></u>	
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The accompanying notes are an integral part of these financial statements.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>ASSETS</b>	<b>Water Department</b>	<b>Recreation Department</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 5,997,442	\$ 2,971,736	\$ 8,969,178
Accounts receivable, net of allowance	421,637	19,672	441,309
Taxes receivable, net of allowance	-	182,006	182,006
Due from county treasurer	-	148,996	148,996
Due from other funds	64,026	44,829	108,855
Inventories	103,286	28,153	131,439
Prepaid items	-	8,700	8,700
Total current assets	<u>6,586,391</u>	<u>3,404,092</u>	<u>9,990,483</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Non-depreciable	-	1,956,615	1,956,615
Depreciable, net of accumulated depreciation	23,785,560	14,405,363	38,190,923
Total noncurrent assets	<u>23,785,560</u>	<u>16,361,978</u>	<u>40,147,538</u>
Total assets	<u>30,371,951</u>	<u>19,766,070</u>	<u>50,138,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions made subsequent to measurement date	58,474	130,950	189,424
Differences between expected and actual experience related to pension expense	3,899	4,082	7,981
Pension assumption changes	39,745	58,576	98,321
Differences between projected and actual investment earnings	16,270	45,882	62,152
Changes in proportion and differences between employer contribution and proportionate share of contributions	52,978	122,654	175,632
Total deferred outflows of resources	<u>171,366</u>	<u>362,144</u>	<u>533,510</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	258,532	366,930	625,462
Accrued salaries and related liabilities	39,523	88,265	127,788
Accrued interest	28,153	-	28,153
Compensated absences payable	15,272	41,493	56,765
Due to other funds	-	431,116	431,116
Unearned revenue	41,000	109,525	150,525
Due to developers	91,950	-	91,950
Current portion of notes payable	328,695	-	328,695
Current portion of lease payable	-	109,991	109,991
Total current liabilities	<u>803,125</u>	<u>1,147,320</u>	<u>1,950,445</u>
<b>LONG-TERM LIABILITIES</b>			
Net pension liability	1,619,117	3,520,330	5,139,447
Long-term portion of notes payable	5,927,465	-	5,927,465
Long-term portion of lease payable	-	144,883	144,883
Total long-term liabilities	<u>7,546,582</u>	<u>3,665,213</u>	<u>11,211,795</u>
Total liabilities	<u>8,349,707</u>	<u>4,812,533</u>	<u>13,162,240</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for future years	-	469,601	469,601
Differences between expected and actual experience related to pension expense	9,307	24,508	33,815
Changes in proportion and differences between employer contribution and proportionate share of contributions	356	296	652
Total deferred inflows of resources	<u>9,663</u>	<u>494,405</u>	<u>504,068</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,529,400	16,107,104	33,636,504
Unrestricted	4,654,547	(1,285,828)	3,368,719
Total net position	<u>\$ 22,183,947</u>	<u>\$ 14,821,276</u>	<u>\$ 37,005,223</u>

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

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Water Department</b>	<b>Recreation Department</b>	<b>Total</b>
<b>OPERATING REVENUE</b>			
Property taxes	\$ -	\$ 558,159	\$ 558,159
Charges for services and sales	4,574,743	2,713,475	7,288,218
Miscellaneous	50,408	6,985	57,393
Total operating revenues	<u>4,625,151</u>	<u>3,278,619</u>	<u>7,903,770</u>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	1,059,607	2,825,951	3,885,558
Cost of goods sold	1,543,729	240,117	1,783,846
Administrative	274,383	620,636	895,019
Contractual services	149,862	426,232	576,094
Materials and supplies	39,095	416,662	455,757
Repairs and maintenance	92,758	118,638	211,396
Depreciation	1,113,483	544,124	1,657,607
Utilities	50,599	355,394	405,993
Total operating expenses	<u>4,323,516</u>	<u>5,547,754</u>	<u>9,871,270</u>
Operating income (loss)	<u>301,635</u>	<u>(2,269,135)</u>	<u>(1,967,500)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	109,513	40,825	150,338
Interest expense	(86,406)	(17,909)	(104,315)
Gain on sale of assets	15,614	-	15,614
Total non-operating revenues, net	<u>38,721</u>	<u>22,916</u>	<u>61,637</u>
Income (loss) before capital contributions and transfers	340,356	(2,246,219)	(1,905,863)
Capital contributions	1,453,540	430,558	1,884,098
Transfers in	-	1,756,771	1,756,771
Net change in fund balances	1,793,896	(58,890)	1,735,006
<b>Net position, beginning of year</b>	<u>20,390,051</u>	<u>14,880,166</u>	<u>35,270,217</u>
<b>Net position, end of year</b>	<u>\$ 22,183,947</u>	<u>\$ 14,821,276</u>	<u>\$ 37,005,223</u>

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

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Water Department</u>	<u>Recreation Department</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 4,651,337	\$ 3,338,384	\$ 7,989,721
Cash paid to suppliers	(2,049,727)	(1,863,841)	(3,913,568)
Cash paid to employees	(979,065)	(2,607,893)	(3,586,958)
Internal activity-payments from other funds	(68,121)	367,524	299,403
Net cash provided (used) by operating activities	<u>1,554,424</u>	<u>(765,826)</u>	<u>788,598</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	<u>-</u>	<u>1,756,771</u>	<u>1,756,771</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,756,771</u>	<u>1,756,771</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from issuance of capital leases	-	29,351	29,351
Principal paid on capital leases	-	(104,108)	(104,108)
Principal paid on notes payable	(251,669)	-	(251,669)
Payment of interest expense	(87,538)	(17,909)	(105,447)
Sale of capital assets	15,770	-	15,770
Acquisition and construction of capital assets	<u>(335,926)</u>	<u>(49,190)</u>	<u>(385,116)</u>
Net cash used in capital and related financing activities	<u>(659,363)</u>	<u>(141,856)</u>	<u>(801,219)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned on investments	<u>109,513</u>	<u>40,825</u>	<u>150,338</u>
Net cash provided by investing activities	<u>109,513</u>	<u>40,825</u>	<u>150,338</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,004,574	889,914	1,894,488
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,992,868</u>	<u>2,081,822</u>	<u>7,074,690</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 5,997,442</u>	<u>\$ 2,971,736</u>	<u>\$ 8,969,178</u>

(Continued)

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Water Department</u>	<u>Recreation Department</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 301,635	\$ (2,269,135)	\$ (1,967,500)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,113,483	544,124	1,657,607
Provision for allowance for uncollectible	30,967	13,061	44,028
(Increase) decrease in:			
Accounts and taxes receivables	(45,781)	15,336	(30,445)
Due from county treasurer	-	(9,294)	(9,294)
Inventory	4,271	2,748	7,019
Prepaid items	399	1,425	1,824
Deferred outflows of resources	38,124	104,672	142,796
Increase (decrease) in:			
Accounts payable	96,029	309,665	405,694
Accrued salaries and compensated absences payable	2,066	2,606	4,672
Due to/from other funds	(68,121)	367,524	299,403
Net pension liability	38,627	106,047	144,674
Deferred inflows of resources	1,725	28,864	30,589
Unearned revenue	41,000	16,531	57,531
 Total adjustments	 <u>1,252,789</u>	 <u>1,503,309</u>	 <u>2,756,098</u>
 Net cash provided (used) by operating activities	 <u>1,554,424</u>	 <u>(765,826)</u>	 <u>788,598</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributed capital assets	1,453,540	-	1,453,540
Purchase of capital assets by other funds	-	430,558	430,558

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

CITY OF GOOSE CREEK, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019

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	<u>Custodial Fund</u>
	<u>Fireman's 1%</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 78,902
Total assets	<u>78,902</u>
<b>LIABILITIES</b>	
Due to others	<u>482</u>
Total liabilities	<u>482</u>
<b>NET POSITION</b>	
Restricted:	
Individuals, organizations, and other governments	<u>78,420</u>
Total net position	<u>\$ 78,420</u>

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

CITY OF GOOSE CREEK, SOUTH CAROLINA

STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

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	<u>Custodial Fund</u>
	<u>Fireman's 1%</u>
<b>ADDITIONS</b>	
Insurance premium tax	\$ 75,661
Miscellaneous	294
Total additions	<u>75,955</u>
<b>DEDUCTIONS</b>	
Fees paid to other governments	44,438
Other custodial disbursements	<u>23,552</u>
Total deductions	<u>67,990</u>
Change in net position	7,965
<b>NET POSITION, beginning of year, restated</b>	<u>70,455</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 78,420</u></u>

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



# CITY OF GOOSE CREEK, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The City operates under a charter originally granted by the State of South Carolina on March 22, 1961. The City was incorporated according to Section 47-22 of the 1962 Code, as amended, on May 6, 1976. The City adopted the Mayor-Council form of government as described in the Code of Laws of South Carolina 1976, Section 5-9-40. The Mayor and six-member Council for the City serve overlapping terms of four years.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 61, which defines a primary government as an entity with a governing body elected in a general election and which is legally separate and fiscally independent. Any entity which does not meet the above criteria is potentially a component unit of a primary government. The City is a legally separate and fiscally independent entity whose governing body is a council whose members are elected in a general election and should therefore be considered a primary government. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit. Blended component units, although legally separate entities, are in substance, part of the government's operations, and so data from these units are appropriately presented as funds of the primary government.

#### ***Blended Component Unit***

The Goose Creek Municipal Finance Corporation (the "Corporation") is a separately administered organization controlled by and dependent on the City. The Corporation is a South Carolina not-for-profit corporation and is exempt from income taxation under Internal Revenue Code Section 501(c)(3). The Corporation has been organized exclusively for public and charitable purposes, specifically to carry out the acquisition and construction of capital assets, issuance of bonds to finance the construction of the capital projects, and to own and lease the facilities to the City for essential governmental functions in connection with tax exempt lease purchase financing of such facilities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

The Board of Directors of the Corporation are:

<u>Name</u>	<u>Officer</u>
Jake Broom – City Administrator	President
Gregory Habib – Mayor	Vice President
Tyler Howanyk – Finance Director	Treasurer/Secretary

The Goose Creek Municipal Finance Corporation is reported as a Capital Projects Fund and does not issue separate financial statements.

#### B. Government-wide and Fund Financial Statements

##### ***Government-wide Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable, when applicable.

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.

##### ***Fund Financial Statements***

The fund financial statements provide information about the government's funds, including its fiduciary fund and blended component unit, when applicable. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

##### *Major Funds*

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Local Hospitality Tax Fund* is a special revenue fund used to account for taxes collected on the sales of prepared meals and beverages sold in establishments. The expenditures of these taxes must be related to or for the promotion of tourism.

The *Goose Creek Municipal Finance Corporation* is a blended component unit of the City, reported as a capital projects fund. It accounts for the issuance of bonds to finance the construction of a fire station and fire station headquarters and to own and lease the facilities to the City for essential government functions in connection with the tax exempt lease purchase financing of such facilities.

The City reports the following major proprietary funds:

The *Water Department Fund* accounts for the operations and maintenance of the water distribution system owned by the City.

The *Recreation Department Fund* accounts for the operations and maintenance of the recreation facilities managed by the City as well as the Crowfield Golf Club.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

##### *Nonmajor Funds*

In addition, the City reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital projects, other than those financed by proprietary funds.

The *Fiduciary Fund* is used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The Fiduciary fund is custodial in nature and is net reflected in the government-wide financial statements because the resources are not available to support the City's own programs.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds, when applicable) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State-levied locally shared taxes are recognized as revenue in the year appropriated by the state.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are considered to be measurable if the amount is known or reasonably estimable at year-end. The following revenue sources are deemed both measurable and available if collected within 60 days of year-end: delinquent property taxes, investment earnings, fines and forfeitures, state-levied locally shared taxes, insurance taxes, certain charges for services such as sanitation fees, and grant revenues for which all eligibility requirements imposed by the provider have been met. Permits, vehicle and some franchise taxes, licenses, and miscellaneous revenues, although they may be available within 60 days of year-end are considered to be measurable only when cash is received by the City.

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 payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and proceeds for acquisitions under capital leases are reported as other financing sources.

The fiduciary fund has no measurement focus, but utilizes the accrual basis of accounting for reporting assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Deposits and Cash and Cash Equivalents

The *deposits* classification is used only in the notes, not on the face of the statement of net position or balance sheet. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

The City considers *cash and cash equivalents* to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

#### E. Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. 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.

The City did not have any investments as of December 31, 2019.

#### F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables, i.e., the current portion of interfund loans, or advances to/from other funds, i.e., the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Taxes receivable shown are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts, and the January 2019 property tax assessment levied for the 2020 fiscal year, which is deferred in the General Fund and the Recreation Department Enterprise Fund. The current property tax receivable allowance for uncollectible accounts is estimated at one percent of the current property tax levy.

All trade and accounts receivable are reported net of an allowance for the uncollectible amounts. The City computes the allowance for uncollectible amounts based on an estimate of collections within each aging category of receivables.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Inventories and Prepaid Items

Inventories of the General Fund are valued at cost determined by the first-in, first-out method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased. Inventory items consist of various types of fuel and replacement parts for vehicles and equipment.

Inventories of the Enterprise Funds are recorded at cost determined by the first-in, first-out method. Inventory items consist of supplies used to install water systems and merchandise to be sold at the Crowfield Golf Club.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

#### H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Assets with individual values under \$5,000 are considered capital assets if purchased in bulk and acquired by issuance of capital lease obligations. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their respective acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of enterprise fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Interest incurred during construction of governmental-type activities is not capitalized. All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	40-50
Improvements	15-30
Land improvements	10-20
Vehicles	5-15
Software	5
Mast arms	20
Equipment and computers	5-15
Water systems	20-40
Streetscapes	5-20
Infrastructure	20-30

#### I. Impact Fee

According to City Ordinance 88-12, any person seeking to develop land shall pay an impact fee, which is accounted for in the Impact Fee Special Revenue Fund. Expenditures from the fund shall be made in the order in which they are collected. The disbursement of funds shall require the approval of City Council upon recommendation of the City Administrator or its designee. Eligible system improvement costs shall be limited to design construction plan preparation; right-of-way acquisition; construction of new facilities; purchase of equipment greater than \$10,000, construction of new drainage facilities associated with capital improvements; principle and interest payments on bonds or indebtedness issued by or on behalf of the City for financing any or all public facilities. Impact fees not obligated for expenditure within three years of the date they are scheduled to be expended in the City of Goose Creek Capital Improvements Plan shall be returned, with actual interest earned, to the record owner of the property for which the fees were collected, on a first-in, first-out basis.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Deferred Outflows/Inflows of Resources and Unearned Revenue

##### *Deferred Outflows of Resources*

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has five items that qualify for reporting in this category, which are related to pension obligations as follows:

1. Pension contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the subsequent year.
2. The net difference between the projected and actual earnings on pension plan investments, which is deferred and amortized over a closed five-year period.
3. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
4. Changes in actuarial assumptions adjust the net pension liability and are amortized into pension expense over the expected remaining service lives of plan members.
5. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

##### *Deferred Inflows of Resources*

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

1. Business licenses collected and property taxes billed and/or collected in advance of the year for which levied or imposed.
2. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
3. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Deferred Outflows/Inflows of Resources and Unearned Revenue (Continued)

##### *Deferred Inflows of Resources (Continued)*

The government also has inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. As such, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from state aid to subdivisions, uncollected EMS fees, and court fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amount became available.

##### *Unearned Revenue*

The City also defers revenue recognition in connection with resources that have been billed or received, but not yet earned, such as memberships and gift certificates, when applicable.

#### K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) and additions to/deductions from the SCRS's and PORS's fiduciary net position have been determined on the accrual basis of accounting as they are reported by SCRS and PORS, respectively, in accordance with Generally Accepted Accounting Principles (GAAP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### L. Net Position and Fund Balance

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Net Position and Fund Balance (Continued)

##### Fund Balance (Continued)

Fund balances are classified as follows:

***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or passage of an ordinance. Only the City Council may modify or rescind the commitment.

***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by council or by an official or body to which City Council delegates the authority. The City Council has delegated such authority to the City Administrator.

***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

***Fund Balance Policy*** – The City strives to maintain a minimum unassigned fund balance and unrestricted net position in various funds for the purpose of floating the City's operations in times of temporary cash flow shortages, emergencies, unanticipated economic downturns, and one time opportunities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Net Position and Fund Balance (Continued)

The minimum fund balances are based on a percentage of the subsequent years budgeted expenditures in the fund. The minimum fund balances are as follows:

General Fund	25%
Water Department Enterprise Fund	20%
Recreation Department Enterprise Fund	10%

#### M. Accounting Estimates

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

#### N. Revenues and Expenditures/Expenses

**Program Revenues** - Amounts reported as 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Property Taxes and Sanitation Fees** - Property taxes attach as an enforceable lien on property as of January 1 of the current year. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty by January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16th – 3%; February 2nd – an additional 7%; March 16th – an additional 5%. If not paid by October 1st, the property is subject to sale by the Berkeley County Delinquent Tax Office. Berkeley County bills and collects current and delinquent property taxes under contractual agreements with the City. The City tax revenues are recognized in the period for which they are levied; therefore, revenue recognition is deferred. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized as revenue when cash is received by the City.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Revenues and Expenditures/Expenses (Continued)

Taxes recognized as revenue and used for the 2019 calendar year are based on property assessed as of July, 2018, and billed in September 2018. The City tax rate to finance general governmental services for the year ended December 31, 2019, was set at 50.5 mills (\$5.50 per \$100 assessed valuation) for general uses and purposes of the City. The assessed valuation of properties, exclusive of vehicles (valued at \$20,694,000), within the City's district as of December 31, 2019, was \$143,938,884 according to records of the Berkeley County Auditor. The City's levy on property assessed as of July 2019, and billed in September 2019, will generate taxes to be used for the 2020 calendar year. Although a receivable is recorded at December 31, 2019, such revenue is recorded as a deferred inflow of resources.

The City levies the sanitation fees for permanent improvements and for the purpose of paying current expenditures of the City. Revenue is recognized when fees are received during the current calendar year or within 60 days subsequent to year-end. The sanitation fee rate is \$135 on every single-family occupied residential lot within the corporate limits of the City. Berkeley County bills and collects sanitation fees under a contractual agreement with the City.

#### O. Compensated Absences

**Vacation** – The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**Sick Leave** – Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

#### P. Proprietary Funds Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are chiefly water sales and services, recreation services and property taxes levied to support recreational activities, and golf memberships and fees. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Excess of Expenditures over Appropriations

For the year ended December 31, 2019, expenditures exceeded appropriations for the following functions:

<u>Fund</u>	<u>Function</u>	<u>Excess Expenditures</u>
General	Legislative	\$ 4,122
	Administrative	15,759
	Information technology	45,318
	Capital outlay	93,931
Local Hospitality Tax Fund	Administrative	\$ 9,205
	Capital outlay	208,408
Goose Creek Municipal Finance Corporation	Administrative	\$ 6,359

The over expenditures in the General Fund, the Local Hospitality Tax Fund, and the Goose Creek Municipal Finance Corporation Fund were funded by greater than anticipated revenues and transfers in from other funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS

Total deposits and investments as of December 31, 2019, are summarized as follows:

Statement of Net Position:	
Cash	\$ 22,008,920
Restricted cash	177,302
Total cash	<u>22,186,222</u>
Statement of Fiduciary Net Position	
Cash	78,902
	<u>\$ 22,265,124</u>
Cash deposited with financial institutions	\$ 7,400,502
South Carolina Local Governmental Investment Pool	14,864,622
	<u>\$ 22,265,124</u>

At December 31, 2019, the City's pooled cash included local government pools, which is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

Under State law, the City is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

#### ***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina and political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. As of December 31, 2019, the City's bank balance of \$7,597,764 was fully insured or collateralized by government investments held by the pledging financial institution's trust department or agent in the City's name.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS (COTINUED)

#### *Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### *Credit Risk – Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy in accordance with state statutes, which authorizes the City to invest in the following:

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, 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;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
5. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

In addition, South Carolina state statutes authorize the City to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services.

As of December 31, 2019, the City did not have any investments.

#### ***Concentration of Credit Risk – Investments***

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

#### ***Custodial Credit Risk – Investments***

For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal investment policy to address custodial credit risk.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

Receivables as of December 31, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Enterprise Funds	
	General Fund	Local Hospitality Tax Fund	Nonmajor Governmental Funds	Water Department	Recreation Department
Receivables:					
Current taxes	\$ 1,202,680	\$ -	\$ -	\$ -	\$ 186,749
Delinquent taxes	247,491	-	-	-	42,337
Sanitation fees	176,445	-	-	-	-
Total taxes	1,626,616	-	-	-	229,086
Fines	1,209,187	-	235,962	-	-
Accounts	1,475,642	158,728	4,793	809,718	19,672
			-		
Gross receivables	4,311,445	158,728	240,755	809,718	248,758
Less allowance for uncollectibles					
Taxes	(284,038)	-	-	-	(47,080)
Fines	(588,556)	-	(118,784)	-	-
Accounts	(213,131)	-	-	(388,081)	-
Total allowance	(1,085,725)	-	(118,784)	(388,081)	(47,080)
Net receivables	\$ 3,225,720	\$ 158,728	\$ 121,971	\$ 421,637	\$ 201,678

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2019, is as follows:

	<b>Receivable Fund</b>	<b>Payable Fund</b>
Governmental Funds		
Major		
General Fund	\$ 573,832	\$ 2,520,439
Local Hospitality Fund	-	67,587
Goose Creek Municipal Finance Corporation	256,233	6,359
Nonmajor	2,128,436	41,855
Enterprise Funds		
Water Department	64,026	-
Recreation Department	44,829	431,116
	\$ 3,067,356	\$ 3,067,356

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended December 31, 2019, is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
Governmental Funds		
Major		
General Fund	\$ -	\$ 2,409,624
Goose Creek Municipal Finance Corporation	652,853	-
Total Governmental Funds	652,853	2,409,624
Enterprise Funds		
Recreation Department	1,756,771	-
Total Enterprise Funds	1,756,771	-
 Total Transfers	 \$ 2,409,624	 \$ 2,409,624

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,956,070	\$ 5,000	\$ -	\$ -	\$ 7,961,070
Construction in progress	88,031	142,382	-	(27,323)	203,090
Total	<u>8,044,101</u>	<u>147,382</u>	<u>-</u>	<u>(27,323)</u>	<u>8,164,160</u>
Capital assets, being depreciated:					
Buildings	28,258,565	-	-	-	28,258,565
Improvements	1,270,755	430,558	-	(430,558)	1,270,755
Vehicles	6,198,827	380,090	(73,787)	-	6,505,130
Mast arms	1,463,006	-	-	-	1,463,006
Equipment and computers	2,478,091	173,309	(25,055)	-	2,626,345
Streetscapes	6,446,585	-	-	27,323	6,473,908
Software	-	317,026	-	-	317,026
Infrastructure	3,199,857	-	-	-	3,199,857
Total	<u>49,315,686</u>	<u>1,300,983</u>	<u>(98,842)</u>	<u>(403,235)</u>	<u>50,114,592</u>
Less accumulated depreciation for:					
Buildings	(5,694,549)	(644,176)	-	-	(6,338,725)
Improvements	(1,157,143)	(16,589)	-	-	(1,173,732)
Vehicles	(3,926,053)	(453,638)	59,497	-	(4,320,194)
Mast arms	(935,859)	(73,883)	-	-	(1,009,742)
Equipment and computers	(1,748,452)	(185,714)	25,055	-	(1,909,111)
Streetscapes	(1,890,177)	(325,250)	-	-	(2,215,427)
Software	-	-	-	-	-
Infrastructure	(1,358,193)	(135,094)	-	-	(1,493,287)
Total	<u>(16,710,426)</u>	<u>(1,834,344)</u>	<u>84,552</u>	<u>-</u>	<u>(18,460,218)</u>
Total capital assets, being depreciated, net	<u>32,605,260</u>	<u>(533,361)</u>	<u>(14,290)</u>	<u>(403,235)</u>	<u>31,654,374</u>
Governmental activities capital assets, net	<u>\$ 40,649,361</u>	<u>\$ (385,979)</u>	<u>\$ (14,290)</u>	<u>\$ (430,558)</u>	<u>\$ 39,818,534</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,956,615	\$ -	\$ -	\$ -	\$ 1,956,615
Total	<u>1,956,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,956,615</u>
Capital assets, being depreciated:					
Buildings	15,385,595	-	(686,938)	-	14,698,657
Improvements	758,259	-	-	(5,604)	752,655
Land improvements	1,746,461	-	-	430,558	2,177,019
Vehicles	473,894	23,489	-	-	497,383
Software	39,204	-	-	-	39,204
Equipment	1,243,659	25,701	(33,210)	5,604	1,241,754
Water system	33,974,030	1,789,466	(40,740)	-	35,722,756
Total	<u>53,621,102</u>	<u>1,838,656</u>	<u>(760,888)</u>	<u>430,558</u>	<u>55,129,428</u>
Less accumulated depreciation for:					
Buildings	(2,675,673)	(324,490)	686,938	-	(2,313,225)
Improvements	(345,152)	(31,155)	-	-	(376,307)
Land improvements	(856,465)	(97,801)	-	-	(954,266)
Vehicles	(328,497)	(44,572)	-	-	(373,069)
Software	(39,204)	-	-	-	(39,204)
Equipment	(660,241)	(122,795)	33,054	-	(749,982)
Water system	(11,136,398)	(1,036,794)	40,740	-	(12,132,452)
Total	<u>(16,041,630)</u>	<u>(1,657,607)</u>	<u>760,732</u>	<u>-</u>	<u>(16,938,505)</u>
Total capital assets, being depreciated, net	<u>37,579,472</u>	<u>181,049</u>	<u>(156)</u>	<u>430,558</u>	<u>38,190,923</u>
Business-type activities capital assets, net	<u>\$ 39,536,087</u>	<u>\$ 181,049</u>	<u>\$ (156)</u>	<u>\$ 430,558</u>	<u>\$ 40,147,538</u>

Included in current year additions are contributed water systems in the amount of \$1,453,540.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities</b>	
Administrative	\$ 520,180
Police	262,768
Fire	549,364
Sanitation	119,262
Recreation	201,845
Maintenance	151,988
Garage	3,264
Information technology	25,673
Total depreciation expense - governmental activities	\$ 1,834,344
<b>Business-type activities</b>	
Water Department	\$ 1,113,483
Recreation Department	544,124
Total depreciation expense - business-type activities	\$ 1,657,607

### NOTE 7. UNAVAILABLE REVENUE

The components of unavailable revenue in the Balance Sheet-Governmental Funds as of December 31, 2019, are as follows:

	<b>General</b>	<b>Nonmajor Governmental Funds</b>
Unavailable revenue:		
State aid to subdivisions	\$ 426,036	\$ -
State accommodations tax	19,252	-
Fines and forfeitures	620,630	117,178
EMS revenue	549,930	-
Total unavailable	\$ 1,615,848	\$ 117,178

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITIES

The City has the following forms of long-term indebtedness:

**Lease Obligations** – The City has entered into lease-purchase agreements for golf maintenance equipment and gym fitness equipment accounted for in the Recreation Department Fund and fire/paramedic equipment accounted for the City’s governmental activities. Debt service expenditures including principal and interest are reported in the General Fund.

**Revenue Bonds** – The Installment Revenue Repurchase Bonds are funded by the General Fund and were used for the construction of a fire station and fire headquarters, and the Special Obligation Bonds (Hospitality Fee Pledge) are funded by the Hospitality Tax Fund and were used for the construction of a recreation activity center.

**Notes Payable** – The City has entered into various note payable agreements with a financial institution for the purchase of three new sanitation trucks and a pumper truck. The City has also entered into a note payable agreement with the State of South Carolina State Revolving Loan Fund for the construction of a water system upgrade. The sanitation vehicle note payable and the pumper truck note payable is reported in the City’s governmental activities with the associated debt service expenditures reported in the General Fund. The water system upgrade note payable is accounted for in the Water Department Fund.

**Compensated Absences Payable** – These obligations represent accumulated annual leave benefits which were not funded by the current or prior years’ revenue resources. These obligations are primarily funded by the General Fund.

**Net Pension Liability** – The City participates in the South Carolina Retirement System and the Police Officers Retirement System. These plans are discussed in Note 11.

#### ***Changes in Long-term Liabilities***

Long-term liability activity for the year ended December 31, 2019, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental activities					
Revenue bonds	\$ 13,633,086	\$ -	\$ (1,031,028)	\$ 12,602,058	\$ 1,057,416
Notes payable	326,811	600,000	(187,256)	739,555	290,592
Capital leases payable	118,791	-	(29,474)	89,317	31,028
Compensated absences	247,001	429,764	(428,424)	248,341	248,341
Net pension liability	21,161,966	3,382,052	(2,569,234)	21,974,784	-
Total long-term liabilities	<u>\$ 35,487,655</u>	<u>\$ 4,411,816</u>	<u>\$ (4,245,416)</u>	<u>\$ 35,654,055</u>	<u>\$ 1,627,377</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

#### *Changes in Long-term Liabilities (Continued)*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Notes payable	\$ 6,507,829	\$ -	\$ (251,669)	\$ 6,256,160	\$ 328,695
Capital leases payable	329,631	29,351	(104,108)	254,874	109,991
Compensated absences	51,900	110,588	(105,723)	56,765	56,765
Net pension liability	4,994,773	619,137	(474,463)	5,139,447	-
Total long-term liabilities	<u>\$ 11,884,133</u>	<u>\$ 759,076</u>	<u>\$ (935,963)</u>	<u>\$ 11,707,246</u>	<u>\$ 495,451</u>

Interest cost incurred by the business-type activities was \$104,315 during the year ended December 31, 2019, all of which was charged to expense. No interest was capitalized during the year.

#### **Revenue Bonds**

Revenue bonds payable at December 31, 2019, is comprised of the following issues:

In March 2014, the City issued an installment purchase revenue bond in the amount of \$7,500,000 at 2.880%, for the purpose of acquiring and the construction of Fire Stations. Annual payments range from \$163,213 to \$652,853 including interest with a maturity date of March 2029. Revenues from the General Fund and existing resources in the Goose Creek Municipal Finance Corporation will be used to repay these bonds. The amount outstanding as of December 31, 2019, is \$5,284,839.

In August 2016, the City issued Special Obligation Bonds (Hospitality Fee Pledge), Series 2016 in the amount of \$9,000,000 at 2.220%, for the purpose of the construction of a recreation facility. Annual payments range from \$531,905 to \$709,207 including interest with a maturity of September 2031. Revenues from the Hospitality Tax Fund will be used to repay these bonds. The amount outstanding as of December 31, 2019, is \$7,317,219.

Debt service requirements for the revenue bonds are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,057,416	\$ 304,644	\$ 1,362,060
2021	1,084,491	277,569	1,362,060
2022	1,112,272	249,788	1,362,060
2023	1,140,776	221,284	1,362,060
2024	1,170,023	192,037	1,362,060
2025 - 2029	5,823,069	487,592	6,310,661
2030 - 2031	1,214,011	27,100	1,241,111
Total	<u>\$ 12,602,058</u>	<u>\$ 1,760,014</u>	<u>\$ 14,362,072</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

#### *Notes Payable*

In May 2016, the City entered into an agreement with the South Carolina Water Quality Revolving Fund Authority to borrow funds, not to exceed \$8,500,000, to be used to finance the costs of the Water System improvements. The City has granted a pledge of and lien on net revenues of the City's Water System for repayment of the loan. The loan bears a fixed interest rate of 1.80%. Payments are made quarterly and are payable in equal installments of \$109,774 over a 20-year period. Draw requests for the loan funds are made once costs for the project have been incurred. In November 2018, the loan was amended after the final draw was made and the project completed. The final loan amount for the project was \$7,361,200.

Debt service requirements for the water system improvement note payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 328,695	\$ 110,400	\$ 439,095
2021	334,652	104,444	439,096
2022	340,717	98,379	439,096
2023	346,891	92,205	439,096
2024	353,177	85,919	439,096
2025 - 2029	1,864,241	331,238	2,195,479
2030 - 2034	2,039,393	156,087	2,195,480
2035 - 2036	648,394	10,250	658,644
Total	<u>\$ 6,256,160</u>	<u>\$ 988,922</u>	<u>\$ 7,245,082</u>

In March 2017, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of three new sanitation trucks. The total amount financed was \$460,000 and bears a fixed interest rate of 1.98%. Payments are made quarterly and are payable in equal installments of \$24,219 over a five-year period. The first payment was made in July 2017 and the note matures in April 2022. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2019, is \$235,732.

In May 2019, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of a new pumper truck. The total amount financed was \$600,000 and bears a fixed interest rate of 2.55%. Payments are made quarterly and are payable in equal installments of \$51,166 over a four-year period. The first payment was made in September 2019 and the note matures in June 2022. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2019, is \$503,823.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

#### *Notes Payable (Continued)*

Debt service requirements for the sanitation trucks and pumper truck notes payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 290,592	\$ 14,948	\$ 305,540
2021	297,534	8,005	305,539
2022	151,429	1,341	152,770
Total	<u>\$ 739,555</u>	<u>\$ 24,294</u>	<u>\$ 763,849</u>

#### *Rate Covenants*

The City has covenanted to maintain rates and charges for products and services which at all times shall be sufficient to pay operation and maintenance expenses to keep the system in good repair and working order, to provide for the punctual payment of the principal and interest on all outstanding debt, to maintain the required amounts in the debt service and debt service reserve accounts, to build and maintain a reserve for contingencies and improvements, and to discharge all obligations imposed by the bond ordinance.

#### *Capital Leases Payable*

#### *Business-type Activities (Recreation Fund)*

In February 2016, the City entered into a lease agreement for financing the acquisition of golf maintenance equipment. Lease payments are made in equal installments of \$9,108 over 60 months, with a final balloon payment of \$90,710. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of their future minimum lease payments as of the inception date. Included in the minimum lease payments is equipment which does not qualify for the capitalization threshold and therefore is not depreciated, the aggregate value of this equipment is \$22,357.

The carrying value of assets acquired through this capital leases is as follows:

Golf Maintenance Equipment	\$ 536,422
Less: Accumulated depreciation	(292,611)
	<u>\$ 243,811</u>

Amortization expense for equipment under capital leases is included in depreciation expense. Total interest paid on capital leases for the year ended December 31, 2019 was \$13,601 for Business-type Activities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITES (CONTINUED)

#### *Capital Leases Payable (Continued)*

#### *Business-type Activities (Recreation Fund) (Continued)*

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year ending December 31,	Amount
2020	\$ 109,299
2021	136,251
Total minimum lease payments	245,550
Less: Amounts representing interest	(11,615)
Present value of future minimum lease payments	233,935
Less current portion	(100,346)
Long-term portion of capital leases	\$ 133,589

#### *Governmental Activities*

In September 2017, the City entered into a lease agreement for financing the acquisition of fire/paramedic equipment. Lease payments are made in equal installments of \$2,909 over 60 months. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of their future minimum lease payments as of the inception date. Included in the minimum lease payments is equipment which does not qualify for the capitalization threshold and therefore is not depreciated, the aggregate value of this equipment is \$18,500.

The carrying value of assets acquired through this capital lease is as follows:

Fire/Paramedic Equipment	\$ 135,065
Less: Accumulated depreciation	(58,528)
	\$ 76,537

Amortization expense for equipment under capital leases is included in depreciation expense. Total interest paid on capital leases for the year ended December 31, 2019, was \$5,928 for Governmental Activities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITES (CONTINUED)

#### *Capital Leases Payable (Continued)*

#### *Governmental Activities (Continued)*

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year ending December 31,	Amount
2020	\$ 34,902
2021	34,902
2022	26,177
Total minimum lease payments	95,981
Less: Amounts representing interest	(6,664)
Present value of future minimum lease payments	89,317
Less current portion	(31,028)
Long-term portion of leases	\$ 58,289

#### *Business-type Activities (Recreation Fund)*

In February 2019, the City entered into a lease agreement for financing the acquisition of gym fitness equipment. Lease payments are made in equal installments of \$907 over 36 months. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of their future minimum lease payments as of the inception date. Included in the minimum lease payments is equipment which does not qualify for the capitalization threshold and therefore is not depreciated, the aggregate value of this equipment is \$11,907.

The carrying value of assets acquired through this capital lease is as follows:

Gym Fitness Equipment	\$ 17,444
Less: Accumulated depreciation	(2,810)
	\$ 14,634

Amortization expense for equipment under capital leases is included in depreciation expense. Total interest paid on capital leases for the year ended December 31, 2019, was \$1,569 for Business-type Activities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM LIABILITES (CONTINUED)

*Capital Leases Payable (Continued)*

*Business-type Activities (Recreation Fund) (Continued)*

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year ending December 31,	Amount
2020	\$ 10,888
2021	10,888
2022	907
Total minimum lease payments	22,683
Less: Amounts representing interest	(1,744)
Present value of future minimum lease payments	20,939
Less current portion	(9,645)
Long-term portion of capital leases	\$ 11,294

### NOTE 9. OPERATING LEASES

In February 2016, the City entered into a lease agreement for golf carts. The lease agreement is for a 48-month period and commences in April 2016 with a minimum monthly payment of \$5,145 for a total lease commitment of \$246,965. Rental expense for the year ending December 31, 2019, was \$61,740. The payment of this lease is funded through the Recreation Department Fund.

In February 2016, the City entered into a lease agreement for grounds maintenance equipment. The lease agreement is for a 60-month period and commences in April 2016 with a minimum monthly payment of \$870 for a total lease commitment of \$52,216. Rental expense for the year ending December 31, 2019, was \$10,440. The payment of this lease is funded through the Recreation Department Fund.

In June 2016, the City entered into a lease agreement for fitness equipment. The lease agreement is for a 36-month period and commences in July 2016 with a minimum monthly payment of \$270 for a total lease commitment of \$9,719. Rental expense for the year ending December 31, 2019, was \$3,240. The payment of this lease is funded through the Recreation Department Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. OPERATING LEASES (CONTINUED)

In November 2016, the City entered into a lease agreement for fitness equipment. The lease agreement is for a 36-month period and commences in December 2016 with a minimum monthly payment of \$729 for a total lease commitment of \$26,251. Rental expense for the year ending December 31, 2019 was \$8,748. The payment of this lease is funded through the Recreation Department Fund.

In December 2017, the City entered into a lease agreement for fitness equipment. The lease agreement is for a 36-month period and commences in December 2017 with a minimum monthly payment of \$1,289 for a total lease commitment of \$46,404. Rental expense for the year ending December 31, 2019 was \$15,468. The payment of this lease is funded through the Recreation Department Fund.

Future minimum lease payments for the leases are as follow:

<u>Year ending December 31,</u>	<u>Amount</u>
2020	\$ 40,054
2021	2,610
Total	<u>\$ 42,664</u>

### NOTE 10. OTHER INFORMATION

#### A. Commitments and Contingent Liabilities

##### *Grants*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

##### *Litigation*

The City is involved in several pending lawsuits. The nature of the lawsuits varies considerably. Management and the City's legal counsel have determined an aggregate liability, which is reasonably possible to arise from the proceedings of up to \$300,000. The entire amount is believed by management and legal counsel to be probable and is recorded as accounts payable on the Recreation Department Fund Statement of Net Position as of December 31, 2019. The City will continue to assert its position in a defense against these claims.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER INFORMATION (CONTINUED)

#### A. Commitments and Contingent Liabilities (Continued)

##### *Long-Term Contract – Water Purchases*

On September 13, 1994, the City entered into a 35 year, automatically renewable contract with the Lake Moultrie Water Agency, a joint municipal water system created under the "Joint Municipal Water Systems Act," Section 6-25-10 et. seq. of the South Carolina Code of Laws, 1976. The Agency water supply system became operational in September of 1994.

Under the contract, the City owns 18% of the capacity of the Lake Moultrie Water Agency water supply system for the term of the contract, and agrees to purchase and pay for 3.6 million gallons per day of water capacity. Cost per gallon is established annually on a cost of service basis, calculated following the guidelines of the American City Association. Any variances in actual operations costs from the projected costs related to the City's proportionate share are calculated annually, and the City is credited or assessed for any differences at year-end. The City has the right to purchase or sell excess capacity to other contract participants according to need or availability. The current year expenditures for the purchase of water were \$1,543,729.

The estimated demand and volumetric charges for the next three years are as follows:

<u>Year ending December 31,</u>	<u>Total</u>
2020	\$ 1,478,602
2021	\$ 1,500,006
2022	\$ 1,560,660

##### *Long-Term Contract – Recreation*

In May 2008, the City entered into a contract with the Goose Creek Recreation Commission whereby the City assumed the operations of the Recreation District to provide recreational services to all residents served by the Commission, both within and outside the City. The term of this agreement is 20 years and provides for automatic extensions for additional terms of 20 years each, unless either party, by written notice to the other given at least 24 months prior to the expiration of the then term, elects to withdraw from or terminate this agreement. For these services the City will receive a sum no more than the equivalent of the sum represented by applying the City's millage rate designated and budgeted for recreational services to all taxable real and personal property located within the boundaries of the District. The transition under this agreement was completed January 1, 2009, and the Recreation Department is accounted for by the City as an enterprise fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER INFORMATION (CONTINUED)

#### B. Risk Management

The City is exposed to various risks of losses related to torts, including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is a member of the South Carolina Municipal Insurance and Risk Financing Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to the Municipal Insurance and Risk Financing Fund for its general insurance and workers' compensation. The South Carolina Municipal Insurance and Risk Financing Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The City has not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the City has effectively transferred all risk with no liability for unfunded claims.

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through 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.

#### ***Plan Description***

The City contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Plan Description (Continued)*

In addition to the SCRS pension plan, the City also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

#### *Membership*

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

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

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended December 31, 2019, the City contributed \$1,434,565 to the SCRS plan and \$643,783 to the PORS plan.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Contributions (Continued)*

Required employee contribution rates for the year ended December 31, 2019, are as follows:

#### **South Carolina Retirement System**

9.00% of earnable compensation from January 1st through June 30th

9.00% of earnable compensation from July 1st through December 31st

#### **South Carolina Police Officers Retirement System**

9.75% of earnable compensation from January 1st through June 30th

9.75% of earnable compensation from July 1st through December 31st

Required employer contribution rates for the year ended December 31, 2019, are as follows:

#### **South Carolina Retirement System**

14.41% of earnable compensation from January 1st through June 30th

15.41% of earnable compensation from July 1st through December 31st

Employer incidental death benefit: 0.15% of earnable compensation

#### **South Carolina Police Officers Retirement System**

16.84% of earnable compensation from January 1st through June 30th

17.84% of earnable compensation from July 1st through December 31st

Employer incidental death benefit: 0.20% of earnable compensation

Required and actual contributions are as follows:

	Plan's fiscal year ended June 30, 2019	City's fiscal year ended December 31, 2019
<b>SCRS</b>		
<b>Governmental Activities</b>		
Required contributions	\$1,040,350	\$1,109,493
Actual contributions	\$1,040,350	\$1,109,493
<b>Business-type Activities</b>		
Required contributions	\$304,814	\$325,072
Actual contributions	\$304,814	\$325,072
<b>PORS</b>		
<b>Governmental Activities</b>		
Required contributions	\$619,139	\$643,783
Actual contributions	\$619,139	\$643,783

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2018, valuations for SCRS and PORS.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Actuarial Assumptions and Methods (Continued)*

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component, which is summarized in the table below.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
	100%		
		Total expected real return	5.41%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.66%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the City'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. The following table presents the sensitivity of the net pension liabilities to changes in the discount rate.

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Governmental activities			
SCRS	\$ 19,473,511	\$ 14,847,171	\$ 12,106,336
PORS	\$ 9,659,621	\$ 7,127,613	\$ 5,053,280
Business-type activities			
SCRS	\$ 5,705,582	\$ 5,139,447	\$ 3,547,060

#### *Net Pension Liability*

The June 30, 2019 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2018, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability 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.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Net Pension Liability (Continued)*

As of December 31, 2019 (measurement date of June 30, 2019), the City's proportional share of the NPL amounts for SCRS and PORS are presented below:

System	Measurement Period Ended June 30,	
	2019	2018
<b>SCRS</b>		
Governmental activities	\$ 14,847,171	\$ 14,353,389
Business-type activities	\$ 5,139,447	\$ 4,994,773
City's proportion of the net pension liability	0.087530%	0.086349%
<b>PORS</b>		
Governmental activities	\$ 7,127,613	\$ 6,808,577
City's proportion of the net pension liability	0.248701%	0.240285%

#### *Pension Expense and Deferred Outflows and Inflows of Resources*

For the year ended December 31, 2019, the City recognized its proportionate share of collective pension expense of \$2,822,915 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$382,366 for a total of \$3,205,281 for governmental activities. Additionally, for the year ended December 31, 2019, the City recognized its proportionate share of collective pension expense of \$516,856 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$102,282 for a total of \$619,138 for business-type activities

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Pension Expense and Deferred Outflows and Inflows of Resources*

At December 31, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><i>Governmental activities</i></b>		
Differences between expected and actual experience	\$ 152,319	\$ 162,443
Net difference between projected and actual earnings on pension plan investments	205,169	-
Assumption changes	587,084	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	729,785	50,334
Employer contributions subsequent to the measurement date	896,786	-
Total	\$ 2,571,143	\$ 212,777
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><i>Business-type activities</i></b>		
Differences between expected and actual experience	\$ 7,981	\$ 33,815
Net difference between projected and actual earnings on pension plan investments	62,152	-
Assumption changes	98,321	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	175,632	652
Employer contributions subsequent to the measurement date	189,424	-
Total	\$ 533,510	\$ 34,467

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Pension Expense and Deferred Outflows and Inflows of Resources (Continued)*

The City reported the following outflows of resources: \$896,786 and \$189,424 related to contributions subsequent to the measurement date in governmental and business-type activities, respectively which will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense in future years. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2019, was 4.026 and 4.217 years for SCRS and PORS, respectively.

The following schedule reflects the amortization of the City's proportional share of the net balance of remaining deferred outflows and inflows of resources:

<b>Governmental Activities</b>			
Measurement Period	Fiscal Year	<b>SCRS</b>	<b>PORS</b>
Ending June 30,	Ending December 31,		
2020	2020	\$ 683,511	\$ 354,578
2021	2021	70,932	113,919
2022	2022	70,626	73,988
2023	2023	53,769	40,257
Total		\$ 878,838	\$ 582,742

<b>Business-type Activities</b>			
Measurement Period	Fiscal Year	<b>SCRS</b>	<b>PORS</b>
Ending June 30,	Ending December 31,		
2020	2020	\$ 252,390	\$ -
2021	2021	20,782	-
2022	2022	20,693	-
2023	2023	15,754	-
Total		\$ 309,619	\$ -

#### ***Plan Fiduciary Net Position***

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *Payables to the Pension Plans*

At December 31, 2019, the City reported payables of \$193,173 and \$82,992 for the outstanding amount of contributions due to SCRS and PORS, respectively. The liabilities will be paid in the normal course of paying year-end obligations.

#### *Money Purchase Pension Plans*

The City maintains a money purchase pension plan for grandfathered employees that are not in the South Carolina Retirement Systems (SCRS) and sworn police officers who have been employed for one year. The plan is administered through ICMA-IRC. The City contributes 1% of the annual compensation of the sworn police officers after one year of employment and an amount equal to the voluntary contributions up to a maximum of 2%. The City also contributes an amount up to 1% less than the City's contribution rate for SCRS and group life insurance, currently 14.41%, for grandfathered employees that are not in SCRS. All employees can also make voluntary, tax deferred contributions at an amount equal to the maximum amount allowed under Internal Revenue Service regulations. All money purchase pension plans are 100% vested immediately. Total contributions to the plan by the City in 2019 were \$105,618.

The City also maintains a money purchase pension plan for the City Administrator and others deemed eligible by a majority vote of City Council. The City contributes 8% of the employee's base salary per year, which is 100% vested immediately. Total contributions to the plan by the City were \$11,364 in 2019.

#### *South Carolina State Firemen's Association Retirement Plan and Trust*

In 2002, the City established a supplemental retirement plan for paid firemen under the provisions of the South Carolina Firemen's Association Retirement Plan and Trust, a defined contribution plan established under Section 401(a) of the Internal Revenue Code. The Plan is administered by a three to five member managing committee elected by the Fire Department employees. The Plan is available to all paid fire department employees with one year of service. Plan members may make voluntary contributions at an amount up to 10% of the employee's annual compensation. The assets of the Plan are held for the exclusive benefit of the Plan participants and their beneficiaries, and are not available to creditors of the City. Employer contributions to the Plan are determined by the Managing Committee of the Fire Department from funds provided pursuant to Sections 23-9-450 and 23-9-460 of the Code of Laws of the State of South Carolina (firemen's insurance and inspection funds). Total contributions to the Plan by the City in 2019 were \$44,438, which is equivalent to the required contributions. The annual contribution is recorded as a disbursement in the Fireman's 1% Agency Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial funds.

	<b>Fiduciary Fund</b>
Fiduciary Net Position, as previously reported	\$ -
Recognition of the beginning fiduciary net position of the former Agency Fund now reported as a Custodial Fund	<u>70,455</u>
Fiduciary Net Position, custodial activities, as restated	<u><u>\$ 70,455</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<b>Revenues:</b>			
Local revenues:			
Property taxes	\$ 4,015,835	\$ 3,806,820	\$ (209,015)
Licenses, permits, and franchise taxes	10,745,788	11,948,874	1,203,086
Charges for services	2,618,742	2,819,095	200,353
Fines and forfeitures	323,549	373,981	50,432
Miscellaneous	217,961	435,489	217,528
Total local revenues	<u>17,921,875</u>	<u>19,384,259</u>	<u>1,462,384</u>
State revenues	5,905,133	6,136,899	231,766
Federal revenues	77,384	255,756	178,372
Total revenues	<u>23,904,392</u>	<u>25,776,914</u>	<u>1,872,522</u>
<b>Expenditures:</b>			
Current:			
Legislative	271,449	275,571	(4,122)
Administrative	1,764,662	1,780,421	(15,759)
Police	7,794,618	7,509,418	285,200
Fire	5,712,039	5,644,493	67,546
Sanitation	1,780,897	1,557,571	223,326
Maintenance	1,194,965	1,088,919	106,046
Garage	423,272	418,858	4,414
Court	430,675	413,009	17,666
Planning	194,982	159,420	35,562
Economic development	161,669	144,532	17,137
Information technology	761,318	806,636	(45,318)
Capital outlay	891,026	984,957	(93,931)
Debt service:			
Principal retirement	242,713	216,730	25,983
Interest	22,265	19,380	2,885
Total expenditures	<u>21,646,550</u>	<u>21,019,915</u>	<u>626,635</u>
Excess of revenues over expenditures	<u>2,257,842</u>	<u>4,756,999</u>	<u>2,499,157</u>
<b>Other financing sources (uses):</b>			
Transfers in	\$ 77,487	\$ -	\$ (77,487)
Transfers out	(2,211,548)	(2,409,624)	(198,076)
Proceeds from sale of capital assets	24,800	400	(24,400)
Insurance proceeds	-	77,038	77,038
Capital lease proceeds	-	600,000	600,000
Total other financing uses, net	<u>(2,109,261)</u>	<u>(1,732,186)</u>	<u>377,075</u>
Net change in fund balances	<u>148,581</u>	<u>3,024,813</u>	<u>2,876,232</u>
Fund balances, beginning of year	<u>6,482,414</u>	<u>6,482,414</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,630,995</u>	<u>\$ 9,507,227</u>	<u>\$ 2,876,232</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**LOCAL HOSPITALITY TAX FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<b>Revenues:</b>			
Local revenues:			
Licenses, permits, and franchise taxes	\$ 1,648,455	\$ 1,834,683	\$ 186,228
Miscellaneous	236	2,364	2,128
Total revenues	<u>1,648,691</u>	<u>1,837,047</u>	<u>188,356</u>
<b>Expenditures:</b>			
Current:			
Administrative	35,000	44,205	(9,205)
Capital outlay	250,000	458,408	(208,408)
Debt service:			
Principal retirement	539,262	539,262	-
Interest	169,945	169,945	-
Total expenditures	<u>994,207</u>	<u>1,211,820</u>	<u>(217,613)</u>
Net change in fund balances	<u>654,484</u>	<u>625,227</u>	<u>(29,257)</u>
<b>Fund balances, beginning of year</b>	<u>715,991</u>	<u>715,991</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,370,475</u>	<u>\$ 1,341,218</u>	<u>\$ (29,257)</u>



**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**GOOSE CREEK MUNICIPAL FINANCE CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<b>Revenues:</b>			
Local revenues:			
Miscellaneous	\$ -	\$ 4,851	\$ 4,851
Total revenues	<u>-</u>	<u>4,851</u>	<u>4,851</u>
<b>Expenditures:</b>			
Current:			
Administrative	-	6,359	(6,359)
Debt service:			
Principal retirement	491,766	491,766	-
Interest	161,087	161,087	-
Total expenditures	<u>652,853</u>	<u>659,212</u>	<u>(6,359)</u>
Deficiency of revenues under expenditures	<u>(652,853)</u>	<u>(654,361)</u>	<u>(1,508)</u>
<b>Other financing sources:</b>			
Transfers in	652,853	652,853	-
Total other financing sources	<u>652,853</u>	<u>652,853</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(1,508)</u>	<u>(1,508)</u>
<b>Fund balances, beginning of year</b>	<u>14,550</u>	<u>14,550</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 14,550</u>	<u>\$ 13,042</u>	<u>\$ (1,508)</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
NOTES TO BUDGETARY COMPARISON SCHEDULE-  
GENERAL FUND, LOCAL HOSPITALITY TAX FUND AND  
GOOSE CREEK MUNICIPAL FINANCE CORPORATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Summary of Significant Accounting Policies**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, and all special revenue funds except the Tourism Fund. Budgets for the General Fund and the special revenue funds that are major funds are presented as required supplemental information.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to October 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to December 31, the budget is legally enacted through passage of an ordinance.
- d. The appropriated budget is prepared by fund, function, department, and object. The City Administrator is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.
- e. Formal budgetary integration is employed as management control device during the year for the general, capital projects and certain special revenue funds.

All annual appropriations lapse at year-end and the City does not employ encumbrance accounting.

No supplemental budgetary appropriations were made during the year.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

Plan Year Ended June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.087530%	\$ 19,986,618	\$ 9,239,060	216.3%	54.40%
2018	0.086349%	\$ 19,348,162	\$ 8,948,204	216.2%	54.10%
2017	0.082518%	\$ 18,576,129	\$ 8,325,812	223.1%	53.30%
2016	0.079690%	\$ 17,021,666	\$ 7,712,178	220.7%	52.90%
2015	0.078252%	\$ 14,840,869	\$ 7,329,345	202.5%	57.00%
2014	0.078421%	\$ 13,501,496	\$ 7,268,870	185.7%	59.90%

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM**

Plan Year Ended June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.248701%	\$ 7,127,613	\$ 3,633,446	196.2%	62.70%
2018	0.240285%	\$ 6,808,577	\$ 3,367,376	202.2%	61.70%
2017	0.241080%	\$ 6,604,451	\$ 3,288,380	200.8%	60.90%
2016	0.240285%	\$ 6,251,193	\$ 3,168,242	197.3%	60.40%
2015	0.244260%	\$ 5,323,638	\$ 3,068,544	173.5%	64.60%
2014	0.243021%	\$ 4,652,461	\$ 3,031,398	153.5%	67.50%

Note: Each year the City will add an additional year of data until a total of ten years is presented.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

Year Ended December 31	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 1,434,565	\$ 1,434,565	\$ -	\$ 9,518,470	15.07%
2018	\$ 1,285,666	\$ 1,285,666	\$ -	\$ 9,143,274	14.06%
2017	\$ 1,087,319	\$ 1,087,319	\$ -	\$ 8,645,818	12.58%
2016	\$ 912,261	\$ 912,261	\$ -	\$ 8,064,153	11.31%
2015	\$ 816,113	\$ 816,113	\$ -	\$ 7,432,654	10.98%
2014	\$ 787,330	\$ 787,330	\$ -	\$ 7,268,870	10.83%

**SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

Year Ended December 31	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 643,783	\$ 643,783	\$ -	\$ 3,671,101	17.54%
2018	\$ 582,571	\$ 582,571	\$ -	\$ 3,520,702	16.55%
2017	\$ 495,730	\$ 495,730	\$ -	\$ 3,298,403	15.03%
2016	\$ 445,263	\$ 445,263	\$ -	\$ 3,228,618	13.79%
2015	\$ 418,572	\$ 418,572	\$ -	\$ 3,152,596	13.28%
2014	\$ 393,416	\$ 393,416	\$ -	\$ 3,031,398	12.98%

Note: Each year the City will add an additional year of data until a total of ten years is presented.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note: The actuarial assumptions used to determine the required contributions to the plans as noted on the previous page are as follows:

System	SCRS	PORS
Calculation date	July 1, 2017	July 1, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	30 years maximum, closed period	30 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and females rates are multiplied by 111%.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<b>Special Revenue Funds</b>				
	<b>Impact Fee Fund</b>	<b>Confiscated Drug Monies Fund</b>	<b>E911 Fund</b>	<b>Tourism Fund</b>	<b>Victims' Assistance Fund</b>
<b>ASSETS</b>					
Cash	\$ -	\$ 111,543	\$ 676,398	\$ -	\$ -
Receivables, net of allowance					
Accounts	-	-	4,793	-	-
Fines	-	-	-	-	117,178
Due from other funds	1,892,518	-	-	120,140	24,129
Due from other governments	-	-	132,886	-	-
<b>Total assets</b>	<b>\$ 1,892,518</b>	<b>\$ 111,543</b>	<b>\$ 814,077</b>	<b>\$ 120,140</b>	<b>\$ 141,307</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 226	\$ -	\$ -
Escrow payable	-	60,522	-	-	-
Due to other funds	41,770	-	85	-	-
<b>Total liabilities</b>	<b>41,770</b>	<b>60,522</b>	<b>311</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	117,178
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117,178</b>
<b>FUND BALANCES</b>					
Restricted:					
Public safety	-	51,021	813,766	-	24,129
Tourism	-	-	-	120,140	-
Capital projects	1,850,748	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>1,850,748</b>	<b>51,021</b>	<b>813,766</b>	<b>120,140</b>	<b>24,129</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,892,518</b>	<b>\$ 111,543</b>	<b>\$ 814,077</b>	<b>\$ 120,140</b>	<b>\$ 141,307</b>

<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 787,941
-	4,793
-	117,178
91,649	2,128,436
-	132,886
<u>\$ 91,649</u>	<u>\$ 3,171,234</u>
\$ -	\$ 226
-	60,522
-	41,855
<u>-</u>	<u>102,603</u>
-	117,178
<u>-</u>	<u>117,178</u>
-	888,916
-	120,140
-	1,850,748
<u>91,649</u>	<u>91,649</u>
<u>91,649</u>	<u>2,951,453</u>
<u>\$ 91,649</u>	<u>\$ 3,171,234</u>



**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Special Revenue Funds</b>				
	<b>Impact Fee Fund</b>	<b>Confiscated Drug Monies Fund</b>	<b>E911 Fund</b>	<b>Tourism Fund</b>	<b>Victims' Assistance Fund</b>
<b>Revenues:</b>					
Local Revenue					
Fines and forfeitures	\$ -	\$ 28,744	\$ -	\$ -	\$ 61,387
Miscellaneous	1,104,654	-	59,446	1,894	1,130
Total local revenues	<u>1,104,654</u>	<u>28,744</u>	<u>59,446</u>	<u>1,894</u>	<u>62,517</u>
State revenues	-	15,000	191,142	31,164	-
Total revenues	<u>1,104,654</u>	<u>43,744</u>	<u>250,588</u>	<u>33,058</u>	<u>62,517</u>
<b>Expenditures:</b>					
Current:					
Police	-	19,896	124,737	-	66,358
Recreation	-	-	-	32,408	-
Total expenditures	<u>-</u>	<u>19,896</u>	<u>124,737</u>	<u>32,408</u>	<u>66,358</u>
Net change in fund balances	1,104,654	23,848	125,851	650	(3,841)
<b>Fund balances, beginning of year</b>	<u>746,094</u>	<u>27,173</u>	<u>687,915</u>	<u>119,490</u>	<u>27,970</u>
<b>Fund balances, end of year</b>	<u>\$ 1,850,748</u>	<u>\$ 51,021</u>	<u>\$ 813,766</u>	<u>\$ 120,140</u>	<u>\$ 24,129</u>

<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 90,131
<u>1,735</u>	<u>1,168,859</u>
1,735	1,258,990
-	237,306
<u>1,735</u>	<u>1,496,296</u>
-	210,991
-	<u>32,408</u>
-	243,399
1,735	1,252,897
<u>89,914</u>	<u>1,698,556</u>
<u>\$ 91,649</u>	<u>\$ 2,951,453</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**COMPARATIVE SCHEDULES OF REVENUES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>LOCAL REVENUES</b>		
Property taxes		
Real and personal	\$ 3,073,043	\$ 2,552,277
Vehicle	549,432	494,452
Homestead tax	184,345	174,419
Total property taxes	<u>3,806,820</u>	<u>3,221,148</u>
Licenses and permits		
Business licenses	7,948,028	7,382,126
Building permits	1,165,596	862,968
Franchise fees	2,835,250	2,767,905
Total licenses and permits	<u>11,948,874</u>	<u>11,012,999</u>
Charges for services		
Police and fire	1,050,844	998,126
Sanitation fees	1,699,245	1,643,790
Administrative fees	69,006	75,358
Total charges for services	<u>2,819,095</u>	<u>2,717,274</u>
Fines and forfeitures		
Court fines	373,981	309,018
Miscellaneous		
Interest	164,912	110,223
Rent	64,679	65,263
Other	205,898	126,474
Total miscellaneous revenues	<u>435,489</u>	<u>301,960</u>
<b>TOTAL LOCAL REVENUES</b>	<b><u>\$ 19,384,259</u></b>	<b><u>\$ 17,562,399</u></b>
<b>STATE REVENUES</b>		
Inventory tax and manufacturers' exemption	\$ 19,047	\$ 16,879
Accommodations tax	26,641	25,297
Local government fund - quarterly	841,881	811,741
Local option sales tax - municipal revenue	1,604,395	1,438,514
Local option sales tax - rebatable	3,619,735	3,394,203
Grants	25,200	-
<b>TOTAL STATE REVENUES</b>	<b><u>\$ 6,136,899</u></b>	<b><u>\$ 5,686,634</u></b>
<b>FEDERAL REVENUES</b>		
Grants	\$ 255,756	\$ 195,038
<b>TOTAL FEDERAL REVENUES</b>	<b><u>\$ 255,756</u></b>	<b><u>\$ 195,038</u></b>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**COMPARATIVE SCHEDULES OF EXPENDITURES - GENERAL FUND  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Expenditures:	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Personnel	Other	Total	Personnel	Other	Total
Current:						
Legislative	\$ 180,871	\$ 94,700	\$ 275,571	\$ 139,446	\$ 102,347	\$ 241,793
Administrative	1,398,988	381,433	1,780,421	1,522,058	364,013	1,886,071
Police	6,513,211	996,207	7,509,418	6,486,085	933,246	7,419,331
Fire	4,814,879	829,614	5,644,493	4,522,314	763,920	5,286,234
Sanitation	1,222,200	335,371	1,557,571	1,238,034	289,660	1,527,694
Maintenance	276,880	812,039	1,088,919	271,791	787,633	1,059,424
Garage	257,791	161,067	418,858	282,602	103,671	386,273
Court	347,070	65,939	413,009	358,926	66,804	425,730
Planning	143,707	15,713	159,420	169,669	17,437	187,106
Economic development	108,486	36,046	144,532	-	-	-
Information technology	269,628	537,008	806,636	269,376	449,366	718,742
Capital outlay	-	984,957	984,957	-	722,861	722,861
Debt service						
Principal	-	216,730	216,730	-	117,295	117,295
Interest	-	19,380	19,380	-	14,483	14,483
<b>Total expenditures</b>	<b>\$ 15,533,711</b>	<b>\$ 5,486,204</b>	<b>\$ 21,019,915</b>	<b>\$ 15,260,301</b>	<b>\$ 4,732,736</b>	<b>\$ 19,993,037</b>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**COMPARATIVE SCHEDULES OF EXPENSES  
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Personnel	Other	Total	Personnel	Other	Total
Water Department	<u>\$ 1,059,607</u>	<u>\$ 3,263,909</u>	<u>\$ 4,323,516</u>	<u>\$ 1,085,219</u>	<u>\$ 2,979,281</u>	<u>\$ 4,064,500</u>
Recreation Department						
Administration	544,417	628,687	1,173,104	562,833	445,455	1,008,288
Course and grounds	351,316	356,950	708,266	372,725	348,705	721,430
Cart rental	49,142	90,180	139,322	44,679	94,018	138,697
Pro shop	199,961	99,129	299,090	186,829	92,635	279,464
Food and beverage	140,380	234,822	375,202	114,970	213,643	328,613
Maintenance	709,182	312,179	1,021,361	721,787	218,076	939,863
Sports programs	181,413	239,610	421,023	181,240	163,460	344,700
Concessions	-	2,745	2,745	-	5,062	5,062
Community education	432,322	554,423	986,745	360,055	414,609	774,664
Special events	-	54,574	54,574	-	43,863	43,863
Community center	176,181	103,136	279,317	147,463	79,407	226,870
Pool	41,637	39,487	81,124	35,604	48,666	84,270
Tennis	-	5,881	5,881	-	4,481	4,481
Total Recreation						
Department expenses	<u>2,825,951</u>	<u>2,721,803</u>	<u>5,547,754</u>	<u>2,728,185</u>	<u>2,172,080</u>	<u>4,900,265</u>
Total operating expenses	<u>\$ 3,885,558</u>	<u>\$ 5,985,712</u>	<u>\$ 9,871,270</u>	<u>\$ 3,813,404</u>	<u>\$ 5,151,361</u>	<u>\$ 8,964,765</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**For The Year Ended December 31, 2019**

**FOR THE STATE TREASURER'S OFFICE:**

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b><u>General Sessions</u></b>	<b><u>Magistrate Court</u></b>	<b><u>Municipal Court</u></b>	<b><u>Total</u></b>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected	N/A	N/A	\$ 1,012,194	\$ 1,012,194
Court fines and assessments remitted to State Treasurer	N/A	N/A	577,339	577,339
<b>Total Court Fines and Assessments retained</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 434,855</b>	<b>\$ 434,855</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	N/A	N/A	\$ 14,487	\$ 14,487
Assessments retained	N/A	N/A	46,900	46,900
<b>Total Surcharges and Assessments retained for victim services</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 61,387</b>	<b>\$ 61,387</b>

**FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)**

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>\$ 27,970</b>	<b>N/A</b>	<b>\$ 27,970</b>
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	46,900	N/A	46,900
Victim Service Surcharges Retained by City/County Treasurer	14,487	N/A	14,487
Interest Earned	1,130	N/A	1,130
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 90,487</b>	<b>N/A</b>	<b>\$ 90,487</b>

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**For The Year Ended December 31, 2019**

<b><u>Expenditures for Victim Service Program:</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	\$ 63,190	N/A	\$ 63,190
Operating Expenditures	3,168	N/A	3,168
<b>Victim Service Contract(s):</b>			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>66,358</b>	<b>N/A</b>	<b>66,358</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	24,129	N/A	24,129
<b>Less: Prior Year Fund Deficit Repayment</b>	-	N/A	-
<b>Carryforward Funds – End of Year</b>	<b>\$ 24,129</b>	<b>N/A</b>	<b>\$ 24,129</b>

## **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  
Goose Creek, 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 Goose Creek, South Carolina** (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 7, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

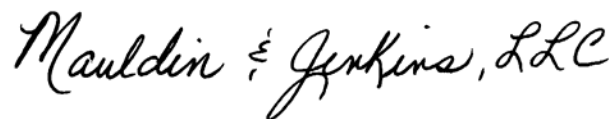
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**Compliance and Other Matters**

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
May 7, 2020

**CITY OF GOOSE CREEK, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**SECTION I  
SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

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

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ Yes X No

Noncompliance material to financial statements noted? \_\_\_ Yes X No

**Federal Awards**

There was not an audit of major federal award programs as of December 31, 2019, due to the total amount expended being less than \$750,000.

**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV  
PRIOR YEAR FINDINGS AND RESPONSES**

None reported.