

**CITY OF GOOSE CREEK,
SOUTH CAROLINA**

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF GOOSE CREEK, SOUTH CAROLINA

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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CITY OF GOOSE CREEK, SOUTH CAROLINA

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Notes 1, 6, and 7 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis (on page 71), the Local Hospitality Tax Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis (on page 72), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System (page 74), the Schedule of Proportionate Share of the Net Pension Liability – Police Officers Retirement System (page 74), the Schedule of Contributions – South Carolina Retirement System (pages 75 through 76) and the Schedule of Contributions – Police Officers Retirement System (pages 75 through 76) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

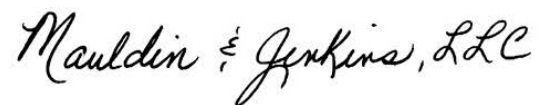
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the Comparative Schedules of Revenues – General Fund, the Comparative Schedules of Expenditures – General Fund, the Comparative Schedules of Expenses – Proprietary Fund Type as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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) is presented for the purpose of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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, the schedule of expenditures of federal awards, 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's basic financial statements for the year ended December 31, 2021, 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 25, 2022. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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, 2021, 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 2021 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 GAAS.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Columbia, South Carolina
June 8, 2023

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

M&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, 2022. 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, 2022, by \$89,628,845 (*net position*). The unrestricted net position was \$3,154,180, this was due to the Governmental Accounting Standards Board's requirement to record a net pension liability of \$31,268,738, which reduced unrestricted net position. Total net position increased \$18,361,374. The increase was largely due to increased revenues from business licenses, property taxes, and local option sales tax revenues, as well as contributed capital.
- On December 31, 2022, the City's governmental funds reported a combined ending fund balance of \$30,821,568 an increase of \$6,301,024. 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 \$20,567,807, or 81.09% of the total general fund expenditures.
- The City's governmental activities capital assets increased by \$10,367,034 (26.49%). The increase was primarily the result of the construction of Central Creek Park, which is included in construction in progress. Additionally, the City purchased police vehicles and fire vehicles, other equipment, and the construction of recreational facilities. Current year capital asset additions were \$12,635,445 being offset by depreciation expense of \$2,214,378. The City's business-type activities capital assets increased by \$4,706,191 (11,33%), with current year capital asset additions of \$6,651,088 being offset by depreciation expense of \$1,924,741.

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, 2022**

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, 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 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'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 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 adopts an annual appropriated budget for the general fund, the local hospitality tax fund, 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 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 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.

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, 2022**

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 29-75 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 76-81 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 82-85 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's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$89,628,845 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
	2021	2022	2021	2022	2021	2022	Change
Current and Other Assets	\$ 46,345,313	\$ 60,938,700	\$ 11,904,669	\$ 9,232,258	\$ 58,249,982	\$ 70,170,958	20.5%
Capital Assets	39,138,100	49,505,134	41,547,843	46,379,491	80,685,943	95,884,625	18.8%
Total Assets	85,483,413	110,443,834	53,452,512	55,611,749	138,935,925	166,055,583	19.5%
Deferred outflows	3,906,635	9,083,013	1,001,616	787,277	4,908,251	9,870,290	101.1%
Long-term Liabilities Outstanding	32,784,364	36,711,979	11,548,317	10,972,948	44,332,681	47,684,927	7.6%
Other Liabilities	13,698,523	21,314,109	1,346,298	2,115,387	15,044,821	23,429,496	55.7%
Total Liabilities	46,482,887	58,026,088	12,894,615	13,088,335	59,377,502	71,114,423	19.8%
Deferred inflows	11,809,122	12,899,392	1,390,081	2,283,213	13,199,203	15,182,605	15.0%
Net Position:							
Net Investment in Capital Assets, Net							
of Related Debt	25,107,515	37,277,492	35,592,774	40,416,300	60,700,289	77,693,792	28.0%
Restricted	9,796,278	8,780,873	-	-	9,796,278	8,780,873	(10.4%)
Unrestricted	(3,805,754)	2,543,002	4,576,658	611,178	770,904	3,154,180	309.2%
Total Net Position	\$ 31,098,039	\$ 48,601,367	\$ 40,169,432	\$ 41,027,478	\$ 71,267,471	\$ 89,628,845	25.8%

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Governmental Activities – Governmental activities increased the City's total net position by \$19,405,428 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
	2021	2022	2021	2022	2021	2022	Percent 2021 - 2022
Revenues:							
Program Revenues:							
Charges for Services	\$14,193,926	\$ 18,125,779	\$ 8,087,568	\$ 9,414,459	\$22,281,494	\$27,540,238	23.6%
Operating Grants and Contributions	425,474	3,223,598	-	-	425,474	3,223,598	657.6%
Capital Grants and Contributions	2,425,561	5,308,264	704,284	5,513,593	3,129,845	10,821,857	245.8%
General Revenues:							
Property Taxes	4,947,518	7,173,417	651,157	652,072	5,598,675	7,825,489	39.8%
Local Option Sales Taxes	6,027,675	5,372,987	-	-	6,027,675	5,372,987	(10.9%)
Hospitality	2,573,453	2,883,193	-	-	2,573,453	2,883,193	12.0%
Franchise	2,873,374	2,839,305	-	-	2,873,374	2,839,305	(1.2%)
Unrestricted Grants and Contributions	979,120	1,122,714	-	-	979,120	1,122,714	14.7%
Unrestricted revenue from use of monies and property	83,186	346,286	10,005	119,037	93,191	465,323	399.3%
Miscellaneous	256,969	1,647,150	388,637	771,290	645,606	2,418,440	274.6%
Total Revenues	34,786,256	48,042,693	9,841,651	16,470,451	44,627,907	64,513,144	44.6%
Expenses:							
Legislative	341,562	383,711	-	-	341,562	383,711	12.3%
Administration	2,587,661	3,429,667	-	-	2,587,661	3,429,667	32.5%
Police	9,359,599	10,922,725	-	-	9,359,599	10,922,725	16.7%
Fire	7,239,573	7,987,701	-	-	7,239,573	7,987,701	10.3%
Sanitation	1,762,691	2,182,667	-	-	1,762,691	2,182,667	23.8%
Recreation	192,956	234,402	-	-	192,956	234,402	21.5%
Maintenance	1,091,872	232,692	-	-	1,091,872	232,692	(78.7%)
Garage	439,828	558,935	-	-	439,828	558,935	27.1%
Court	413,061	443,762	-	-	413,061	443,762	7.4%
Planning	301,243	672,336	-	-	301,243	672,336	123.2%
Economic Development	267,967	202,162	-	-	267,967	202,162	0.0%
Human Resources	201,184	217,750	-	-	201,184	217,750	0.0%
Information Technology	894,029	911,153	-	-	894,029	911,153	1.9%
Interest and Fees	255,566	257,602	-	-	255,566	257,602	0.0%
Water	-	-	5,062,980	10,589,058	5,062,980	10,589,058	109.1%
Recreation	-	-	6,371,058	6,925,447	6,371,058	6,925,447	8.7%
Total Expenses	25,348,792	28,637,265	11,434,038	17,514,505	36,782,830	46,151,770	25.5%
Increase in Net Position							
Before Transfers	9,437,464	19,405,428	(1,592,387)	(1,044,054)	7,845,077	18,361,374	134.0%
Transfers	(2,322,957)	(1,902,100)	2,322,957	1,902,100	-	-	-
Increase in Net Position	7,114,507	17,503,328	730,570	858,046	7,845,077	18,361,374	134.0%
Net Position January 1	23,983,532	31,098,039	39,438,862	40,169,432	63,422,394	71,267,471	12.4%
Net Position, December 31	\$31,098,039	\$ 48,601,367	\$40,169,432	\$41,027,478	\$71,267,471	\$89,628,845	25.8%

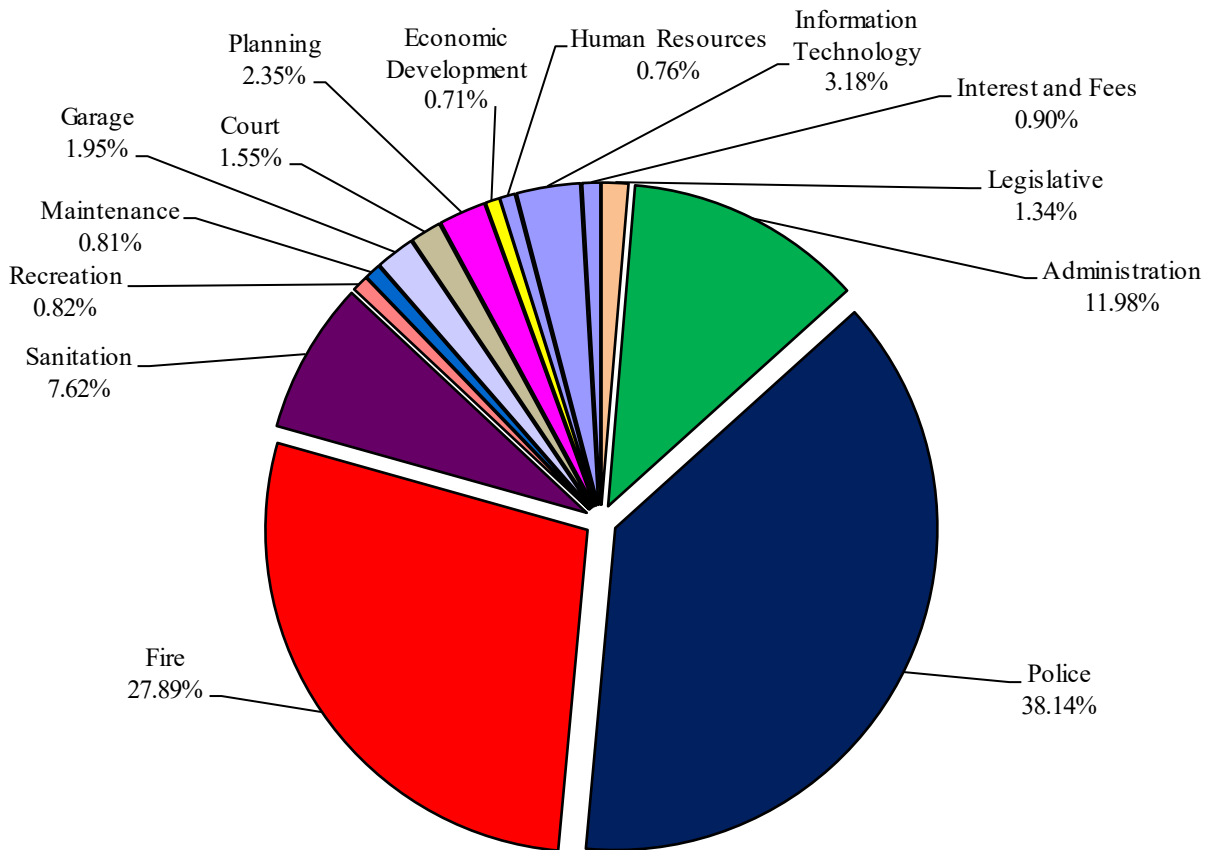
Charges for services were the City's largest program revenue, accounting for \$18,125,779 (37.73%) of total governmental revenues. These charges are for fees related to business licenses, building permits, court fines and E911 fees.

**CITY OF GOOSE CREEK, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED DECEMBER 31, 2022**

Property tax revenues accounted for \$7,173,417 (14.93%) 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 \$5,372,987 (11.18%). Franchise fees of \$2,839,305 (5.91%) and the local hospitality tax of two percent of the sales of food and beverages generated \$2,883,193 (6.00%) in revenue. The top five revenue sources combined for a total of at \$36,394,681 (75.75%) of the revenue for the City.

The Police Department program accounted for \$10,922,725 (38.14%) of the \$28,637,265 total expenses for governmental activities. The Fire Department had the next largest program accounting for \$7,987,701 (27.89%) 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, 2022**

Governmental Activities – Cost of Services

	2021		2022		Total Cost of	Total Net Cost
	Total Cost of	Net Cost of	Total Cost of	Net Cost	Services	of Services
	Services	Services	Services	of Services	Percentage	Percentage
					Change	Change
Legislative	\$ 341,562	\$ (341,562)	\$ 383,711	\$ (383,711)	12.34%	(12.34%)
Administration	2,587,661	7,721,062	3,429,667	10,238,342	32.54%	32.60%
Police	9,359,599	(7,291,411)	10,922,725	(3,739,609)	16.70%	48.71%
Fire	7,239,573	(6,265,692)	7,987,701	(4,482,645)	10.33%	28.46%
Sanitation	1,762,691	431,478	2,182,667	81,282	23.83%	81.16%
Recreation	192,956	1,307,044	234,402	(234,402)	21.48%	117.93%
Maintenance	1,091,872	(1,091,872)	232,692	(195,181)	(78.69%)	82.12%
Garage	439,828	(439,828)	558,935	(558,935)	27.08%	(27.08%)
Court	413,061	(413,061)	443,762	(443,762)	7.43%	(7.43%)
Planning	301,243	(301,243)	672,336	(672,336)	123.19%	(123.19%)
Economic Development	267,967	(267,967)	202,162	(202,162)	(24.56%)	24.56%
Human Resources	201,184	(201,184)	217,750	(217,750)	8.23%	(8.23%)
Information Technology	894,029	(894,029)	911,153	(911,153)	1.92%	(1.92%)
Interest and Fees	255,566	(255,566)	257,602	(257,602)	0.80%	0.80%
Total Expenses	\$ 25,348,792	\$ (8,303,831)	\$ 28,637,265	\$ (1,979,624)	12.97%	76.16%

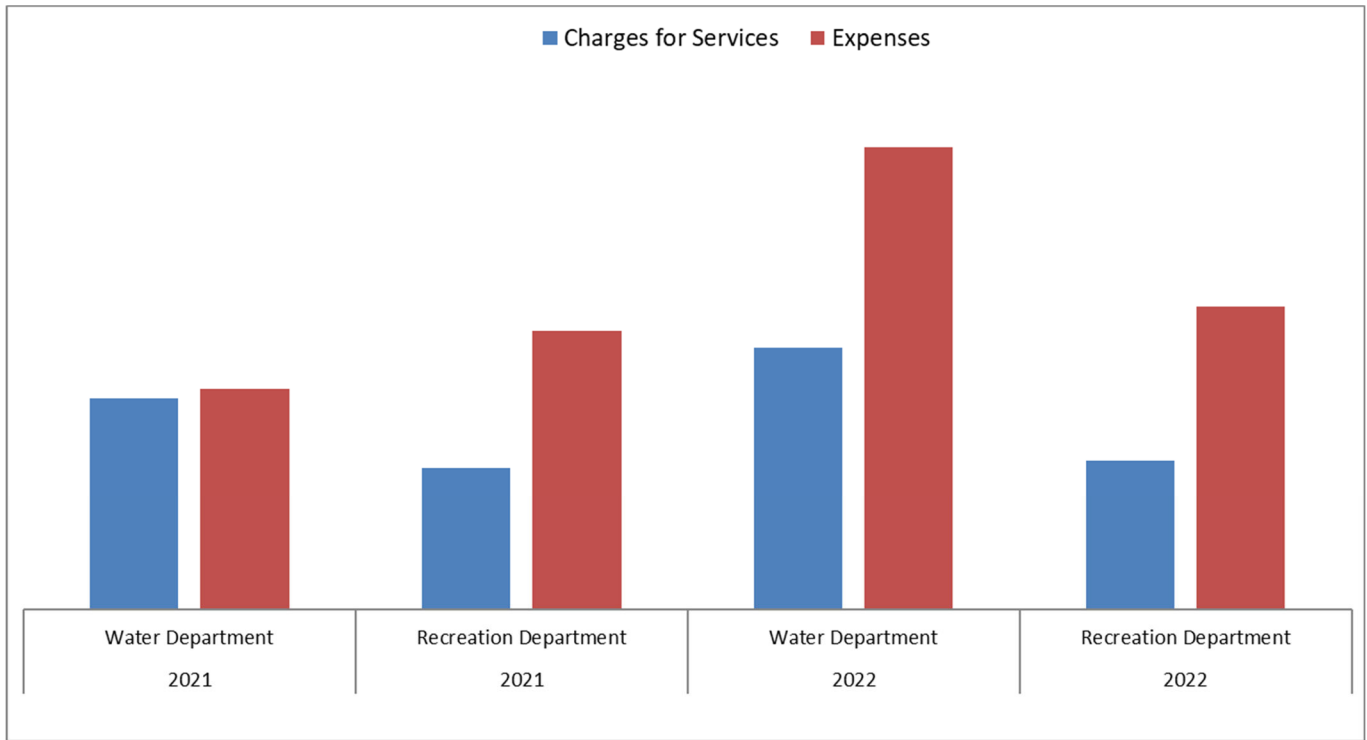
Program revenues from charges for services and operating and capital grants of \$26,657,641 (67.99% of the total costs of services) were received and used to fund the general government expenses of the City. The remaining \$1,979,624 in general government expenses were funded by property taxes, local 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 \$9,414,459 (63.07%) 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 \$2,082,100 during 2022 from the general fund for recreation operations.

The water enterprise fund also had capital contributions of \$5,509,593 for the water lines which were primarily installed at Carnes.

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**



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, 2022, the City's total governmental funds reported a combined ending fund balance of \$30,821,568. Approximately 41.01% of this total (\$12,648,659) is unassigned fund balance. The remaining fund balances are: nonspendable, \$4,871,179; restricted, \$9,796,278; committed, \$18,730; and assigned, \$3,000,000. The largest portion of the restricted fund balance is \$6,241,923 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 \$12,677,898 with a total fund balance of \$20,567,807. 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 45.26% of total general fund expenditures, while total fund balance represents 73.42% 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 2022, \$4,112,656 was spent for capital projects for the recreation and golf enterprise funds. The hospitality fund revenue for 2022 was \$2,877,186.

The American Rescue Plan Act Fund accounts for the Coronavirus State and Local Recovery Funds which was passed by the United States Congress and became law in March 2022. The City received the second tranche of \$10,869,178 in late 2022. The City spent the majority of the \$4,936,110 of expenditures on capital projects and reported the \$15,983,626 unspent portion of the funds as unearned revenue.

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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 \$858,046 primarily due to an increase in gymnastics revenue and a water rate increase. Another contributing factor for this increase was capital contributions of water lines in the water fund totaled \$5,509,593. The total change in net position for the funds was an increase of \$998,171 in the water department and a decrease of \$140,125 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 \$9,336,359 more than budgeted and was primarily due from an unbudgeted revenue in the form of a state budget appropriation in the amount of \$2,535,000 to be used for the construction of a fire station. Additionally, there was a large increase in business license revenue, permit revenue, as well as charges for services. Expenditures were \$2,435,801 more than budgeted, which was primarily the result of increased capital outlay expenditures as well as the payment of overtime due to unfilled budgeted positions. The actual increase in the City's general fund balance was \$4,854,655. The hospitality fund had a decrease in fund balance of \$2,475,103 which was \$317,965 less than what was budgeted. This was primarily due to the construction of Central Creek Park and the progression of the construction schedule and related payment applications from the contractor.

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, 2022, was \$95,884,625 (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, buildings, improvements, vehicles, computers, software, equipment, mast arms and infrastructure.

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

- Construction in progress for new parks - \$9,937,219
- Completion of the landscaped medians (previously in CIP) - \$551,076
- Completion of the 911 Call Center (previously in CIP) - \$791,675 in improvements
- Completion of the 911 Call Center (previously in CIP) - \$163,705 in software
- Purchase of 27 police vehicles - \$850,654
- Purchase of golf course and grounds maintenance equipment - \$177,917
- Purchase of recreation sports fields grounds maintenance equipment - \$34,200
- Completion of John McCants Veterans Memorial Park (previously in CIP) - \$2,100,222
- Purchase of a street sweeper - \$177,776
- Purchase of hardware for IT - \$196,705
- Purchase of two trucks for the fire department - \$89,580
- Purchase of equipment for the fire department - \$69,186
- Contribution of water lines - \$5,509,593
- Contribution of land - \$1,101,200

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, 2022**

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

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2021	2022	2021	2022	2021	2022	2021 - 2022
	Land	\$ 7,807,736	\$ 9,096,336	\$ 1,956,615	\$ 1,956,615	\$ 9,764,351	\$ 11,052,951
Construction in progress	1,137,436	9,718,918	1,973,920	267,963	3,111,356	9,986,881	221.0%
Buildings	20,637,677	20,017,173	11,756,305	11,471,520	32,393,982	31,488,693	(2.8%)
Improvements	63,847	884,279	395,332	2,443,703	459,179	3,327,982	624.8%
Vehicles	2,955,846	3,220,124	57,546	212,781	3,013,392	3,432,905	13.9%
Software	282,925	358,565	-	-	282,925	358,565	0.0%
Mast Arms	307,908	236,434	-	-	307,908	236,434	(23.2%)
Equipment and computers	884,824	762,300	747,274	757,689	1,632,098	1,519,989	(6.9%)
Streetscape	3,606,239	3,883,797	-	-	3,606,239	3,883,797	7.7%
Infrastructure	1,453,662	1,327,208	-	-	1,453,662	1,327,208	(8.7%)
Water System	-	-	23,153,498	27,755,603	23,153,498	27,755,603	19.9%
Land Improvements	-	-	1,507,353	1,388,160	1,507,353	1,388,160	(7.9%)
	\$ 39,138,100	\$ 49,505,134	\$ 41,547,843	\$ 46,254,034	\$ 80,685,943	\$ 95,759,168	18.7%

Long-term Debt - At the end of the current fiscal year, the City had a total long-term debt outstanding of \$19,717,332. 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 \$3,748,000 for the construction of two fire stations; a revenue bond of \$5,625,918 for the construction of a recreation facility; a revenue bond of \$2,087,000 for the construction of a recreation facility; a note payable of \$257,912 for the purchase of vehicles and equipment; a note payable of \$203,103 for the purchase of portable handheld radios, and a note payable of \$219,769 for the purchase of three refuse collection vehicles. The business-type activities debt includes a note payable of \$5,252,096 for the construction of a water tower and expansion of the water system and financed purchases payable of \$452,211 for the purchase of golf and recreation 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
	2021	2022	2021	2022	2021	2022	2021 - 2022
	Revenue bonds	\$ 12,847,211	\$ 11,460,917	\$ -	\$ -	\$ 12,847,211	\$ 11,460,917
Notes payable	1,157,749	1,869,561	5,592,813	5,252,096	6,750,562	7,121,657	5.5%
Financed purchases	25,625	-	362,256	452,211	387,881	452,211	16.6%
Leases payable	-	-	199,559	125,402	199,559	125,402	(37.2%)
	\$ 14,030,585	\$ 13,330,478	\$ 6,154,628	\$ 5,829,709	\$ 20,185,213	\$ 19,160,187	(5.1%)

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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 close to 50,000 in 2022. This represents at 29.4% increase in population since 2010. The population is expected to reach near 55,000 by 2024.

The City's business license revenue increased significantly during 2022, business license revenue was up \$1,852,773 from the prior year or 22%, which was attributable to increased construction activity as well as an increase in reported gross sales by companies doing work within the city limits, which had a positive impact on business license revenue. Building permit revenue was up \$752,436 from the prior year or 83%, as more and more commercial and residential construction is taking place within the city limits...

The City issued 575 new housing construction permits, an increase of 260 permits or 83% from the prior year. This was a contributing factor for the increase in business license revenue, building permit revenue in the General Fund as well as the increased revenue in the Impact Fee fund. 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 \$5,854,655 primarily the result of increased revenues from business licenses, property taxes, and local option sales taxes and an unbudgeted \$2,535,000 received as part of the State's budget appropriation for the construction of fire station IV as well as improvements to crosswalks in the area.

The hospitality tax fund balance decreased by \$2,475,103 as the result of spending bond proceeds for the construction of Central Creek Park. Hospitality tax collections increased by \$300,132, or 12%. The total other governmental fund balances increased by \$2,921,472 which was primarily the result of increased impact fees from new construction and the issuance of a \$1,500,000 in the capital projects fund for the purchase of vehicles and equipment.

There was no change in fund balance for the American Recovery Plan Act (ARPA) Fund. Both tranches of funding was received, the first tranche of funding was received in 2021 the amount of \$10,869,178 and the second tranche was received in 2022 in the amount of \$10,869,178, for a total amount of \$21,738,356. The unspent portion of the funds as unearned revenue.

The City still maintains the funds necessary to continue to provide quality services to the residents. In 2023 Goose Creek has seen a boom in new development plans starting and in the pipeline. Uptown at Carnes is currently under construction and will bring over 100,000 sq feet of retail, restaurant, and office space to the market. A taproom restaurant with a rooftop bar is already committed to one of the spaces. Also at Carnes, The Marketplace at Carnes is a Publix anchored shopping center with over 85,000 sq feet of retail space and is currently in the permitting process. Both developments already have pre-leases or LOI's on most of the space. At the Hwy 52 and St James intersection, the Carolina Avenue development is going thru the permitting process and is offering preleases and will include at least 2 sit down restaurant spaces and 27,000 sq feet of retail/restaurant space. The City also celebrated the grand openings of Chicken Salad Chick and Stones Throw Brewing so far in 2023. Stones Throw Brewing refurbished the old fire station which housed Creek City Grill and Brewery, this is the 3rd restaurant in the Charleston region for the owners. There are other developments that are in the works that will continue to grow the economic profile of Goose Creek and should make for an explosive 2023 and 2024.

Site work is under way for a 224,000 sq ft spec building in Crowfield Corporate Park which can be used for manufacturing or warehousing. The developer is currently looking for a tenet to set up a pre-lease so they can build to suit and the City's EDD is currently working with Berkeley County ED staff to try to find a suitable tenet.

**CITY OF GOOSE CREEK, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

The City's façade and sign grants are drawing interest from businesses to help with improving the appearance of their buildings. With the new sign ordinance that has passed and the funding available to help replace out of compliance signs, there will new business signage going up that will improve the look of the City.

Carnes Crossroads and the St. James corridor continue to see intensive commercial activity. In Carnes particularly, multiple new businesses opened in 2022. City staff are working with two private developers on separate projects to develop over 100,000 square feet of commercial, retail, and office space, and break ground some time in 2023. The City continues a multi-year water system capital improvements project and is replacing approximately 7,075 linear feet of failing asbestos-cement and small diameter galvanized water mains with C900 PVC water mains while adding an additional 7 fire hydrants to increase fire protection for the residents of the Pineview neighborhood. Funding for the improvements was provided via Rural Infrastructure Authority Grant Program and the annual water enterprise budget for "Improvements to the System" 800-8015.

The water enterprise fund installed 240 new water taps during 2022 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; 11,920 meters have been installed or converted through 2022, leaving approximately 24 to be converted over the next year to complete the project.

The General Fund 2023 budget is \$6,028,180 (17%) higher than the approved 2022 budget for revenues and \$6,213,702 (21%) higher for expenditures. A large portion of the budgeted increase in revenue comes from the use of fund balance in the amount of \$1,442,300 as well as anticipated increases in property taxes, local option sales taxes, and business licenses. The General Fund 2023 expenditure budget continues to focus on strengthening the police and fire departments as well as funding more municipal services.

Requests for Information

This financial report is designed to provide a general overview of the City'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
Chief Financial Officer
Post Office Drawer 1768
Goose Creek, South Carolina 29445

CITY OF GOOSE CREEK, SOUTH CAROLINA

STATEMENT OF NET POSITION DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 45,959,500	\$ 8,531,147	\$ 54,490,647
Restricted cash	245,302	-	245,302
Receivables, net of allowance:			
Taxes	2,349,432	222,165	2,571,597
Accounts	1,825,250	525,689	2,350,939
Fines	1,075,835	-	1,075,835
Due from county treasurer	1,611,906	119,787	1,731,693
Due from other governments	2,594,730	2,050	2,596,780
Internal balances	405,566	(405,566)	-
Inventories	91,429	235,486	326,915
Prepaid items	4,779,750	1,500	4,781,250
Capital assets:			
Non-depreciable	18,815,254	2,224,578	21,039,832
Depreciable, net of accumulated depreciation and amortization	30,689,880	44,154,913	74,844,793
Total assets	110,443,834	55,611,749	166,055,583
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions made subsequent to measurement date	1,472,224	282,235	1,754,459
Differences between expected and actual experience related to pension expense	344,828	49,494	394,322
Pension assumption changes	965,240	182,708	1,147,948
Differences between projected and actual investment earnings	61,839	8,792	70,631
Changes in proportion and differences between employer contribution and proportionate share of contributions	6,238,882	264,048	6,502,930
Total deferred outflows of resources	9,083,013	787,277	9,870,290
LIABILITIES			
Accounts payable	1,471,031	376,186	1,847,217
Accrued salaries and related liabilities	376,219	83,778	459,997
Escrow and retainage payable	490,999	133,482	624,481
Unearned revenue	15,983,626	695,505	16,679,131
Due to developers	-	91,950	91,950
Accrued interest payable	59,999	23,634	83,633
Noncurrent liabilities:			
Due within one year	2,932,235	710,852	3,643,087
Due in more than one year	11,139,986	5,276,203	16,416,189
Net pension liability - due in more than one year	25,571,993	5,696,745	31,268,738
Total liabilities	58,026,088	13,088,335	71,114,423
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future years	5,472,494	529,660	6,002,154
Business licenses collected in advance	3,806,801	-	3,806,801
Differences between expected and actual experience related to pension expense	345,089	24,827	369,916
Changes in proportion and differences between employer contribution and proportionate share of contributions	3,275,008	1,728,726	5,003,734
Total deferred inflows of resources	12,899,392	2,283,213	15,182,605
NET POSITION			
Net investment in capital assets	37,277,492	40,416,300	77,693,792
Restricted for:			
Public safety	430,965	-	430,965
Tourism	3,457,358	-	3,457,358
Debt service	152,754	-	152,754
Capital projects	4,739,796	-	4,739,796
Unrestricted	2,543,002	611,178	3,154,180
Total net position	\$ 48,601,367	\$ 41,027,478	\$ 89,628,845

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, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Legislative	\$ 383,711	\$ -	\$ -	\$ -
Human resources	217,750	-	-	-
Administrative	3,429,667	13,668,009	-	-
Police	10,922,725	1,209,860	664,992	5,308,264
Fire	7,987,701	983,961	2,521,095	-
Sanitation	2,182,667	2,263,949	-	-
Recreation	234,402	-	-	-
Maintenance	232,692	-	37,511	-
Garage	558,935	-	-	-
Court	443,762	-	-	-
Planning	672,336	-	-	-
Economic development	202,162	-	-	-
Information technology	911,153	-	-	-
Interest and fees	257,602	-	-	-
Total governmental activities	<u>28,637,265</u>	<u>18,125,779</u>	<u>3,223,598</u>	<u>5,308,264</u>
Business-type activities:				
Water Department	10,589,058	5,990,495	-	5,513,593
Recreation Department	6,925,447	3,423,964	-	-
Total business-type activities	<u>\$ 17,514,505</u>	<u>\$ 9,414,459</u>	<u>\$ -</u>	<u>\$ 5,513,593</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
\$ (383,711)	\$ -	\$ (383,711)
(217,750)	-	(217,750)
10,238,342	-	10,238,342
(3,739,609)	-	(3,739,609)
(4,482,645)	-	(4,482,645)
81,282	-	81,282
(234,402)	-	(234,402)
(195,181)	-	(195,181)
(558,935)	-	(558,935)
(443,762)	-	(443,762)
(672,336)	-	(672,336)
(202,162)	-	(202,162)
(911,153)	-	(911,153)
(257,602)	-	(257,602)
<u>(1,979,624)</u>	<u>-</u>	<u>(1,979,624)</u>
-	915,030	915,030
-	<u>(3,501,483)</u>	<u>(3,501,483)</u>
-	<u>(2,586,453)</u>	<u>(2,586,453)</u>
7,173,417	652,072	7,825,489
5,372,987	-	5,372,987
2,883,193	-	2,883,193
2,839,305	-	2,839,305
1,122,714	-	1,122,714
346,286	119,037	465,323
1,647,150	771,290	2,418,440
(1,902,100)	1,902,100	-
<u>19,482,952</u>	<u>3,444,499</u>	<u>22,927,451</u>
17,503,328	858,046	18,361,374
31,098,039	40,169,432	71,267,471
<u>\$ 48,601,367</u>	<u>\$ 41,027,478</u>	<u>\$ 89,628,845</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Local Hospitality Tax Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 41,027,362	\$ 2,969,421	\$ -	\$ 1,962,717	\$ 45,959,500
Receivables, net of allowance					
Taxes	2,349,432	-	-	-	2,349,432
Accounts	1,585,986	239,264	-	-	1,825,250
Fines	922,305	-	-	153,530	1,075,835
Due from county treasurer	1,611,906	-	-	-	1,611,906
Due from governments	2,578,746	-	-	15,984	2,594,730
Due from other funds	555,207	-	15,999,126	5,078,121	21,632,454
Inventories	91,429	-	-	-	91,429
Prepaid expenditures	4,779,750	-	-	-	4,779,750
Restricted cash	-	245,302	-	-	245,302
Total assets	\$ 55,502,123	\$ 3,453,987	\$ 15,999,126	\$ 7,210,352	\$ 82,165,588
LIABILITIES					
Accounts payable	\$ 1,388,164	\$ 67,282	\$ 15,500	\$ 85	\$ 1,471,031
Accrued salaries and related liabilities	375,137	-	-	1,082	376,219
Escrow payable	454,936	-	-	36,063	490,999
Due to other funds	21,077,247	86,782	-	62,859	21,226,888
Unearned revenue	-	-	15,983,626	-	15,983,626
Total liabilities	23,295,484	154,064	15,999,126	100,089	39,548,763
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	5,472,494	-	-	-	5,472,494
Deferred property tax credit	3,806,801	-	-	-	3,806,801
Unavailable revenue - intergovernmental	2,359,537	-	-	156,425	2,515,962
Total deferred inflows of resources	11,638,832	-	-	156,425	11,795,257
FUND BALANCES					
Nonspendable:					
Inventories and prepaids	4,871,179	-	-	-	4,871,179
Restricted for:					
Public safety	-	-	-	430,965	430,965
Tourism	-	3,299,923	-	157,435	3,457,358
Debt service	-	-	-	152,754	152,754
Capital projects	-	-	-	6,241,923	6,241,923
Committed for:					
Tree replacement	18,730	-	-	-	18,730
Assigned for:					
Capital projects	3,000,000	-	-	-	3,000,000
Unassigned	12,677,898	-	-	(29,239)	12,648,659
Total fund balances	20,567,807	3,299,923	-	6,953,838	30,821,568
Total liabilities, deferred inflows of resources, and fund balances	\$ 55,502,123	\$ 3,453,987	\$ 15,999,126	\$ 7,210,352	\$ 82,165,588

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, 2022

Total governmental fund balances: \$ 30,821,568

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:

Cost of assets	\$ 71,740,457	
Accumulated depreciation	(22,235,323)	
		49,505,134

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported or are deferred in the funds:

State aid to subdivisions	\$ 538,396	
State accommodations tax	6,075	
State E911 surcharges	2,895	
Fines and forfeitures	1,075,835	
EMS revenue	892,761	
		2,515,962

Other long-term assets related to pension expense are not available to pay for current expenditures and, therefore, are not reported or are deferred in the funds:

Contributions made subsequent to measurement date	\$ 1,472,224	
Differences between expected and actual experience related to pension expense	344,828	
Pension assumption changes	965,240	
Differences between projected and actual investment earnings	61,839	
Changes in proportion and differences between employer contribution and proportionate share of contributions	6,238,882	
		9,083,013

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:

Net pension liabilities	\$ (25,571,993)	
Compensated absences payable	(741,743)	
Accrued interest payable	(59,999)	
Notes payable	(1,869,561)	
Revenue bonds	(11,460,917)	
		(39,704,213)

Other long-term liabilities related to pension expense do not consume current financial resources and, therefore, are not reported in the funds:

Differences between expected and actual experience related to pension expense	\$ (345,089)	
Changes in proportion and differences between employer contribution and proportionate share of contributions	(3,275,008)	
		(3,620,097)

Net position of governmental activities		\$ <u>48,601,367</u>
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CITY OF GOOSE CREEK, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Local Hospitality Tax Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Local revenues:					
Property taxes	\$ 7,173,417	\$ -	\$ -	\$ -	\$ 7,173,417
Licenses, permits, and franchise taxes	14,942,100	2,843,109	-	-	17,785,209
Charges for services	3,771,978	-	-	-	3,771,978
Fines and forfeitures	465,480	-	-	83,589	549,069
Miscellaneous	1,996,951	34,077	-	1,398,760	3,429,788
Total local revenues	<u>28,349,926</u>	<u>2,877,186</u>	<u>-</u>	<u>1,482,349</u>	<u>32,709,461</u>
State revenues	9,627,353	-	-	412,238	10,039,591
Federal revenues	380,669	-	4,936,110	-	5,316,779
Total revenues	<u>38,357,948</u>	<u>2,877,186</u>	<u>4,936,110</u>	<u>1,894,587</u>	<u>48,065,831</u>
Expenditures:					
Current:					
Legislative	384,318	-	-	-	384,318
Human resources	228,403	-	-	-	228,403
Administrative	2,257,127	261,043	-	478,403	2,996,573
Police	9,842,676	-	634,628	219,592	10,696,896
Fire	7,284,415	-	-	-	7,284,415
Sanitation	1,994,759	-	-	-	1,994,759
Recreation	-	-	-	41,943	41,943
Maintenance	1,194,473	-	-	-	1,194,473
Garage	560,023	-	-	-	560,023
Court	442,982	-	-	-	442,982
Planning	655,681	-	-	-	655,681
Economic development	221,134	-	-	-	221,134
Information technology	862,207	-	-	-	862,207
Capital outlay	2,084,552	4,112,656	4,301,482	1,035,555	11,534,245
Debt service:					
Principal retirement	-	812,294	-	1,387,813	2,200,107
Interest	-	166,296	-	87,376	253,672
Issuance costs	-	-	-	4,500	4,500
Total expenditures	<u>28,012,750</u>	<u>5,352,289</u>	<u>4,936,110</u>	<u>3,255,182</u>	<u>41,556,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,345,198</u>	<u>(2,475,103)</u>	<u>-</u>	<u>(1,360,595)</u>	<u>6,509,500</u>
Other financing sources (uses):					
Transfers in	180,000	-	-	2,782,067	2,962,067
Transfers out	(4,864,167)	-	-	-	(4,864,167)
Sale of capital assets	3,582	-	-	-	3,582
Insurance proceeds	190,042	-	-	-	190,042
Issuance of debt	-	-	-	1,500,000	1,500,000
Total other financing sources (uses), net	<u>(4,490,543)</u>	<u>-</u>	<u>-</u>	<u>4,282,067</u>	<u>(208,476)</u>
Net change in fund balances	5,854,655	(2,475,103)	-	2,921,472	6,301,024
Fund balances, beginning of year	<u>14,713,152</u>	<u>5,775,026</u>	<u>-</u>	<u>4,032,366</u>	<u>24,520,544</u>
Fund balances, end of year	<u>\$ 20,567,807</u>	<u>\$ 3,299,923</u>	<u>\$ -</u>	<u>\$ 6,953,838</u>	<u>\$ 30,821,568</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, 2022

Net change in fund balances - total governmental funds	\$	6,301,024
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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 capital outlay and donated capital assets exceeded depreciation expense in the current period.

Capital outlay	\$	11,534,245	
Depreciation expense		(2,214,378)	
Donation of capital assets		<u>1,101,200</u>	
			10,421,067

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	\$	(975,260)	
Accumulated depreciation		<u>921,227</u>	
			(54,033)

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	\$	(499,242)	
State accommodations tax		(11,925)	
State E911 surcharges		(324,922)	
Fines and forfeitures		(927,824)	
EMS revenue		<u>(775,187)</u>	
			(2,539,100)

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

State aid to subdivisions	\$	538,396	
State accommodations tax		6,075	
State E911 surcharges		2,895	
Fines and forfeitures		1,075,835	
EMS revenue		<u>892,761</u>	
			2,515,962

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	\$	(1,500,000)	
Repayment of debt		<u>2,200,107</u>	
			700,107

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 resources (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.

342,287

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	\$	(741,743)	
Prior year		557,187	
Accrued interest expense:			
Current year		(59,999)	
Prior year		<u>60,569</u>	
			<u>(183,986)</u>

Change in net position of governmental activities	\$	<u><u>17,503,328</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, 2022**

	<u>Water Department</u>	<u>Recreation Department</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,957,384	\$ 3,573,763	\$ 8,531,147
Due from other governments	2,050	-	2,050
Accounts receivable, net of allowance	489,843	35,846	525,689
Taxes receivable, net of allowance	-	222,165	222,165
Due from county treasurer	-	119,787	119,787
Inventories	196,066	39,420	235,486
Prepaid items	-	1,500	1,500
Total current assets	<u>5,645,343</u>	<u>3,992,481</u>	<u>9,637,824</u>
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	-	2,224,578	2,224,578
Depreciable, net of accumulated depreciation and amortization	<u>28,026,730</u>	<u>16,128,183</u>	<u>44,154,913</u>
Total noncurrent assets	<u>28,026,730</u>	<u>18,352,761</u>	<u>46,379,491</u>
Total assets	<u>33,672,073</u>	<u>22,345,242</u>	<u>56,017,315</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions made subsequent to measurement date	78,938	203,297	282,235
Differences between expected and actual experience related to pension expense	13,843	35,651	49,494
Pension assumption changes	51,101	131,607	182,708
Differences between projected and actual investment earnings	2,457	6,335	8,792
Changes in proportion and differences between employer contribution and proportionate share of contributions	73,851	190,197	264,048
Total deferred outflows of resources	<u>220,190</u>	<u>567,087</u>	<u>787,277</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	223,721	152,465	376,186
Retainage payable	-	133,482	133,482
Accrued salaries and related liabilities	34,758	49,020	83,778
Accrued interest	23,634	-	23,634
Compensated absences payable	55,770	101,576	157,346
Due to other funds	138,816	266,750	405,566
Unearned revenue	461,350	234,155	695,505
Due to developers	91,950	-	91,950
Current portion of notes payable	346,891	-	346,891
Current portion of financed purchases payable	-	113,032	113,032
Current portion of lease payable	-	93,583	93,583
Total current liabilities	<u>1,376,890</u>	<u>1,144,063</u>	<u>2,520,953</u>
LONG-TERM LIABILITIES			
Net pension liability	1,593,310	4,103,435	5,696,745
Long-term portion of notes payable	4,905,205	-	4,905,205
Long-term portion of financed purchases payable	-	339,179	339,179
Long-term portion of lease payable	-	31,819	31,819
Total long-term liabilities	<u>6,498,515</u>	<u>4,474,433</u>	<u>10,972,948</u>
Total liabilities	<u>7,875,405</u>	<u>5,618,496</u>	<u>13,493,901</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future years	-	529,660	529,660
Differences between expected and actual experience related to pension expense	6,944	17,883	24,827
Changes in proportion and differences between employer contributions and proportionate share of contributions	483,504	1,245,222	1,728,726
Total deferred inflows of resources	<u>490,448</u>	<u>1,792,765</u>	<u>2,283,213</u>
NET POSITION			
Net investment in capital assets	22,774,634	17,641,666	40,416,300
Unrestricted	<u>2,751,776</u>	<u>(2,140,598)</u>	<u>611,178</u>
Total net position	<u>\$ 25,526,410</u>	<u>\$ 15,501,068</u>	<u>\$ 41,027,478</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, 2022**

	Water Department	Recreation Department	Total
OPERATING REVENUE			
Property taxes	\$ -	\$ 652,072	\$ 652,072
Charges for services and sales	5,990,495	3,423,964	9,414,459
Miscellaneous	64,269	707,021	771,290
Total operating revenues	<u>6,054,764</u>	<u>4,783,057</u>	<u>10,837,821</u>
OPERATING EXPENSES			
Salaries and related expenses	1,527,591	3,794,093	5,321,684
Cost of goods sold	1,457,137	381,461	1,838,598
Administrative	337,152	549,090	886,242
Contractual services	307,807	481,612	789,419
Materials and supplies	5,367,308	538,804	5,906,112
Repairs and maintenance	169,795	162,649	332,444
Depreciation and amortization	1,274,127	740,897	2,015,024
Utilities	51,295	327,998	379,293
Total operating expenses	<u>10,492,212</u>	<u>6,976,604</u>	<u>17,468,816</u>
Operating loss	<u>(4,437,448)</u>	<u>(2,193,547)</u>	<u>(6,630,995)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	78,872	40,165	119,037
Interest expense	(96,846)	(10,569)	(107,415)
Gain on sale of assets	-	61,726	61,726
Intergovernmental revenue	4,000	-	4,000
Total non-operating revenues (expenses)	<u>(13,974)</u>	<u>91,322</u>	<u>77,348</u>
Loss before capital contributions and transfers	<u>(4,451,422)</u>	<u>(2,102,225)</u>	<u>(6,553,647)</u>
Capital contributions	5,509,593	-	5,509,593
Transfers in	-	2,082,100	2,082,100
Transfers out	<u>(60,000)</u>	<u>(120,000)</u>	<u>(180,000)</u>
Total capital contributions and transfers	5,449,593	1,962,100	7,411,693
Change in net position	998,171	(140,125)	858,046
Net position, beginning of year	<u>24,528,239</u>	<u>15,641,193</u>	<u>40,169,432</u>
Net position, end of year	<u>\$ 25,526,410</u>	<u>\$ 15,501,068</u>	<u>\$ 41,027,478</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, 2022**

	Water Department	Recreation Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 6,372,955	\$ 4,860,385	\$ 11,233,340
Cash paid to suppliers	(7,697,552)	(2,550,638)	(10,248,190)
Cash paid to employees	(1,322,029)	(3,152,876)	(4,474,905)
Internal activity-payments from other funds	3,535	(352,498)	(348,963)
Net cash used in operating activities	<u>(2,643,091)</u>	<u>(1,195,627)</u>	<u>(3,838,718)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to/from other funds	<u>(60,000)</u>	<u>1,962,100</u>	<u>1,902,100</u>
Net cash provided by (used in) noncapital financing activities	<u>(60,000)</u>	<u>1,962,100</u>	<u>1,902,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of financed purchases	-	177,007	177,007
Proceeds from issuance of leases payable		16,181	16,181
Principal paid on leases payable	-	(90,338)	(90,338)
Principal paid on financed purchases payable		(87,052)	(87,052)
Principal paid on notes payable	(340,717)	-	(340,717)
Proceeds from intergovernmental grants	4,000	-	4,000
Payment of interest expense	(98,380)	(10,569)	(108,949)
Proceeds from sale of capital assets	-	81,882	81,882
Acquisition and construction of capital assets	<u>(512,830)</u>	<u>(511,364)</u>	<u>(1,024,194)</u>
Net cash used in capital and related financing activities	<u>(947,927)</u>	<u>(424,253)</u>	<u>(1,372,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	<u>78,872</u>	<u>40,165</u>	<u>119,037</u>
Net cash provided by investing activities	<u>78,872</u>	<u>40,165</u>	<u>119,037</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,572,146)	382,385	(3,189,761)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,529,530</u>	<u>3,191,378</u>	<u>11,720,908</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,957,384</u></u>	<u><u>\$ 3,573,763</u></u>	<u><u>\$ 8,531,147</u></u>

(Continued)

CITY OF GOOSE CREEK, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Water Department</u>	<u>Recreation Department</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (4,437,448)	\$ (2,193,547)	\$ (6,630,995)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	1,274,127	740,897	2,015,024
Provision for allowance for uncollectible	9,695	32,922	42,617
(Increase) decrease in:			
Accounts and taxes receivables	(99,029)	(59,260)	(158,289)
Due from county treasurer	-	39,505	39,505
Inventory	(82,914)	(9,306)	(92,220)
Deferred outflows of resources	66,623	147,716	214,339
Increase (decrease) in:			
Accounts payable	75,856	(99,718)	(23,862)
Accrued salaries and compensated absences payable	29,246	46,796	76,042
Due to/from other funds	3,535	(352,498)	(348,963)
Net pension liability	(128,340)	(187,321)	(315,661)
Deferred inflows of resources	238,033	655,099	893,132
Unearned revenue	407,525	43,088	450,613
Total adjustments	<u>1,794,357</u>	<u>997,920</u>	<u>2,792,277</u>
Net cash used in operating activities	<u>\$ (2,643,091)</u>	<u>\$ (1,195,627)</u>	<u>\$ (3,838,718)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed capital assets	\$ 5,509,593	\$ -	\$ 5,509,593
	<u>\$ 5,509,593</u>	<u>\$ -</u>	<u>\$ 5,509,593</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022**

	Custodial Fund
	Fireman's 1%
ASSETS	
Cash and cash equivalents	\$ 88,723
Total assets	<u>88,723</u>
LIABILITIES	
Due to others	<u>452</u>
Total liabilities	<u>452</u>
NET POSITION	
Restricted:	
Individuals, organizations, and other governments	<u>88,271</u>
Total net position	<u>\$ 88,271</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, 2022**

	Custodial Fund
	Fireman's 1%
ADDITIONS	
Insurance premium tax	\$ 87,824
Miscellaneous	206
Total additions	<u>88,030</u>
DEDUCTIONS	
Fees paid to other governments	91,305
Other custodial disbursements	<u>25,848</u>
Total deductions	<u>117,153</u>
Change in net position	(29,123)
NET POSITION, beginning of year	<u>117,394</u>
NET POSITION, end of year	<u>\$ 88,271</u>

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

CITY OF GOOSE CREEK, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 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

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>
Natalie Zeigler – 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

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 *ARPA Fund* is used to account for the receipt of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) allocation from the State of South Carolina as appropriated by the American Rescue Plan Act of 2021 as well as to account for the disbursement of funds as allowed under the U.S. Department of Treasury's Final Rule.

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.

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 not reflected in the government-wide financial statements because the resources are not available to support the City's own programs.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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, leases 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 leases are reported as other financing sources.

The fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The City did not have any investments as of December 31, 2022.

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 the General Fund to indicate they are not available for appropriation and are not expendable available financial resources. Advances to other funds are reported as either restricted, committed or unassigned fund balance.

Taxes receivable shown are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts, and the January 2022 property tax assessment levied for the 2023 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

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 and right-to-use leased 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 financed purchase and 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Depreciation and amortization 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
Right-to-use lease equipment	5

I. Leases

The City is a lessee for noncancellable business-type leases of several pieces of equipment for the Golf and Recreation departments. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and Recreation Department Fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

J. 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; principal 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.

K. 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 assets 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 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. Changes in actuarial assumptions adjust the net pension liability and are amortized into pension expense over the expected remaining service lives of plan members.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows of Resources (Continued)

4. 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.
5. The net difference between the projected and actual earnings on pension plan investments, which is deferred and amortized over a closed five-year period.

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 assets 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 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.
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.

The government also has deferred inflows of resources 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, court fines and forfeitures, and property taxes collected in advance. 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, and grants received in advance, when applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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' and PORS' 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.

M. 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.

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 City 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position and Fund Balance (Continued)

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.

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%

N. 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.

O. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenues and Expenditures/ Expenses (Continued)

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.

Taxes recognized as revenue and used for the 2022 calendar year are based on property assessed as of July 2021 and billed in September 2021. The City tax rate to finance general governmental services for the year ended December 31, 2022, was set at 47.5 mills (\$4.75 per \$100 assessed valuation) for general uses and purposes of the City. The assessed valuation of properties, exclusive of vehicles (valued at \$21,382,120) within the City's district as of December 31, 2022, was \$181,559,260 according to records of the Berkeley County Auditor. The City's levy on property assessed as of July 2022, and billed in September 2022, will generate taxes to be used for the 2023 calendar year. Although a receivable is recorded at December 31, 2022, 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 \$165 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.

P. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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 and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations and Deficit Fund Balance

For the year ended December 31, 2022, expenditures exceeded appropriations for the following functions:

Fund	Function	Excess Expenditures
General	Legislative	\$ 20,004
	Human resources	11,596
	Administrative	181,423
	Police	255,592
	Fire	700,955
	Maintenance	42,157
	Garage	93,585
	Capital outlay	1,304,748
Local Hospitality Tax Fund	Capital outlay	320,181
	Debt service	87

The over expenditures in the General Fund and the Local Hospitality Tax Fund were funded by greater than anticipated revenues, transfers in from other funds, and the use of available fund balance.

For the year ended December 31, 2022, the City reported a deficit fund balance of \$29,239 in the Victims' Assistance Fund. The deficit will be reduced with future revenues and transfers from other funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments as of December 31, 2022, are summarized as follows:

Statement of Net Position:	
Cash	\$ 54,490,647
Restricted cash	245,302
Total cash	<u>54,735,949</u>
Statement of Fiduciary Net Position	
Cash	88,723
	<u>\$ 54,824,672</u>
Cash deposited with financial institutions	\$ 33,192,523
South Carolina Local Governmental Investment Pool	21,632,149
	<u>\$ 54,824,672</u>

At December 31, 2022, 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, 2022, the City's bank balance of \$33,331,994 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

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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

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 (LGIP). The LGIP 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 LGIP 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, 2022, 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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of December 31, 2022, 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	\$ 2,176,680	\$ -	\$ -	\$ -	\$ 227,515
Delinquent taxes	341,930	-	-	-	92,146
Sanitation fees	228,030	-	-	-	-
Total taxes	2,746,640	-	-	-	319,661
Fines	1,849,715	-	339,294	-	-
Accounts	2,556,582	239,264	-	968,620	35,846
			-		
Gross receivables	7,152,937	239,264	339,294	968,620	355,507
Less allowance for uncollectibles					
Taxes	(397,208)	-	-	-	(97,496)
Fines	(927,410)	-	(185,764)	-	-
Accounts	(970,596)	-	-	(478,777)	-
Total allowance	(2,295,214)	-	(185,764)	(478,777)	(97,496)
Net receivables	\$ 4,857,723	\$ 239,264	\$ 153,530	\$ 489,843	\$ 258,011

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

	Receivable Fund	Payable Fund
Governmental Funds		
Major		
General Fund	\$ 555,207	\$ 21,077,247
Local Hospitality Fund	-	86,782
ARPA Fund	15,999,126	-
Nonmajor	5,078,121	62,859
Enterprise Funds		
Water Department	-	138,816
Recreation Department	-	266,750
	\$ 21,632,454	\$ 21,632,454

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, 2022, is as follows:

	Transfers In	Transfers Out
Governmental Funds		
Major		
General Fund	\$ 180,000	\$ 4,864,167
Nonmajor	2,782,067	-
Total Governmental Funds	2,962,067	4,864,167
Enterprise Funds		
Water Department	-	60,000
Recreation Department	2,082,100	120,000
Total Enterprise Funds	2,082,100	180,000
Total Transfers	\$ 5,044,167	\$ 5,044,167

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. The City also transferred capital assets of \$15,500 from governmental activities to its business-type activities as noted on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,807,736	\$ 1,288,600	\$ -	\$ -	\$ 9,096,336
Construction in progress	1,137,436	10,087,938	-	(1,506,456)	9,718,918
Total	<u>8,945,172</u>	<u>11,376,538</u>	<u>-</u>	<u>(1,506,456)</u>	<u>18,815,254</u>
Capital assets, being depreciated:					
Buildings	28,107,100	-	-	-	28,107,100
Improvements	1,257,431	92,151	-	791,675	2,141,257
Vehicles	7,373,006	991,959	(645,805)	(15,500)	7,703,660
Mast arms	1,463,006	-	-	-	1,463,006
Equipment and computers	2,866,557	111,920	(329,455)	-	2,649,022
Streetscapes	6,487,939	43,352	-	551,076	7,082,367
Software	395,704	19,525	-	163,705	578,934
Infrastructure	3,199,857	-	-	-	3,199,857
Total	<u>51,150,600</u>	<u>1,258,907</u>	<u>(975,260)</u>	<u>1,490,956</u>	<u>52,925,203</u>
Less accumulated depreciation for:					
Buildings	(7,469,423)	(620,504)	-	-	(8,089,927)
Improvements	(1,193,584)	(63,394)	-	-	(1,256,978)
Vehicles	(4,417,160)	(680,000)	598,124	15,500	(4,483,536)
Mast arms	(1,155,098)	(71,474)	-	-	(1,226,572)
Equipment and computers	(1,981,733)	(228,092)	323,103	-	(1,886,722)
Streetscapes	(2,867,669)	(330,901)	-	-	(3,198,570)
Software	(126,810)	(93,559)	-	-	(220,369)
Infrastructure	(1,746,195)	(126,454)	-	-	(1,872,649)
Total	<u>(20,957,672)</u>	<u>(2,214,378)</u>	<u>921,227</u>	<u>15,500</u>	<u>(22,235,323)</u>
Total capital assets, being depreciated, net	<u>30,192,928</u>	<u>(955,471)</u>	<u>(54,033)</u>	<u>1,506,456</u>	<u>30,689,880</u>
Governmental activities capital assets, net	<u>\$ 39,138,100</u>	<u>\$ 10,421,067</u>	<u>\$ (54,033)</u>	<u>\$ -</u>	<u>\$ 49,505,134</u>

Included in current year additions is donated land in the amount of \$1,101,200.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 1,956,615	\$ -	\$ -	\$ -	\$ 1,956,615
Construction in progress	1,973,920	394,265	-	(2,100,222)	267,963
Total	<u>3,930,535</u>	<u>394,265</u>	<u>-</u>	<u>(2,100,222)</u>	<u>2,224,578</u>
Capital assets, being depreciated:					
Buildings	14,643,950	-	-	-	14,643,950
Improvements	812,591	-	-	2,100,222	2,912,813
Land improvements	2,661,190	-	-	-	2,661,190
Vehicles	503,008	196,863	-	15,500	715,371
Software	39,204	-	-	-	39,204
Equipment	1,649,631	226,114	(167,441)	-	1,708,304
Water system	37,432,276	5,833,846	-	-	43,266,122
Total	<u>57,741,850</u>	<u>6,256,823</u>	<u>(167,441)</u>	<u>2,115,722</u>	<u>65,946,954</u>
Less accumulated depreciation for:					
Buildings	(2,887,645)	(284,785)	-	-	(3,172,430)
Improvements	(417,259)	(51,851)	-	-	(469,110)
Land improvements	(1,153,837)	(119,193)	-	-	(1,273,030)
Vehicles	(445,462)	(41,628)	-	(15,500)	(502,590)
Software	(39,204)	-	-	-	(39,204)
Equipment	(902,357)	(195,543)	147,285	-	(950,615)
Water system	(14,278,778)	(1,231,741)	-	-	(15,510,519)
Total	<u>(20,124,542)</u>	<u>(1,924,741)</u>	<u>147,285</u>	<u>(15,500)</u>	<u>(21,917,498)</u>
Total capital assets, being depreciated, net	<u>37,617,308</u>	<u>4,332,082</u>	<u>(20,156)</u>	<u>2,100,222</u>	<u>44,029,456</u>
Business-type activities capital assets, net	<u>\$ 41,547,843</u>	<u>\$ 4,726,347</u>	<u>\$ (20,156)</u>	<u>\$ -</u>	<u>\$ 46,254,034</u>
Lease assets, net (Note 9)					<u>125,457</u>
Total capital assets net as reported in the statement of net position					<u>\$ 46,379,491</u>

Included in current year additions are contributed water systems in the amount of \$5,509,593.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
Administrative	\$ 500,019
Planning	21,961
Police	455,505
Fire	602,526
Sanitation	203,920
Recreation	192,459
Maintenance	151,829
Garage	7,678
Court	8,913
Information technology	69,568
Total depreciation expense - governmental activities	\$ 2,214,378
Business-type activities	
Water Department	\$ 1,274,127
Recreation Department	650,614
Total depreciation expense - business-type activities	\$ 1,924,741

NOTE 7. UNAVAILABLE REVENUE

The components of unavailable intergovernmental revenue in the Balance Sheet-Governmental Funds as of December 31, 2022, are as follows:

	General	Nonmajor Governmental Funds
Unavailable revenue:		
State aid to subdivisions	\$ 538,396	\$ -
State accommodations tax	6,075	-
State E911 surcharges	-	2,895
Fines and forfeitures	922,305	153,530
EMS revenue	892,761	-
Total unavailable	\$ 2,359,537	\$ 156,425

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES

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

Financed Purchases Obligations – The City has entered into Finance-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, a pumper truck, and equipment for governmental activities. 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, the pumper truck note payable, and the other equipment note payable are 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.

Leases Payable – The City has entered into multiple noncancelable leases as the lessee for various golf course and recreation equipment. The liability and right-to-use asset are recorded in the Recreation 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, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
Revenue bonds	\$ 12,847,211	\$ -	\$ (1,386,294)	\$ 11,460,917	\$ 1,411,194
Notes payable	1,157,749	1,500,000	(788,188)	1,869,561	779,298
Financed purchases payable	25,625	-	(25,625)	-	-
Compensated absences	557,187	625,227	(440,671)	741,743	741,743
Net pension liability	20,642,694	10,973,876	(6,044,577)	25,571,993	-
Total long-term liabilities	<u>\$ 35,230,466</u>	<u>\$ 13,099,103</u>	<u>\$ (8,685,355)</u>	<u>\$ 39,644,214</u>	<u>\$ 2,932,235</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities					
Notes payable	\$ 5,592,813	\$ -	\$ (340,717)	\$ 5,252,096	\$ 346,891
Financed purchases payable	362,256	177,007	(87,052)	452,211	113,032
Leases payable	199,559	16,181	(90,338)	125,402	93,583
Compensated absences	106,522	138,907	(88,083)	157,346	157,346
Net pension liability	6,012,406	2,992,349	(3,308,010)	5,696,745	-
Total long-term liabilities	<u>\$ 12,273,556</u>	<u>\$ 3,324,444</u>	<u>\$ (3,914,200)</u>	<u>\$ 11,683,800</u>	<u>\$ 710,852</u>

Revenue Bonds

Revenue bonds payable at December 31, 2022, is comprised of the following issues:

Installment Purchase Revenue Bonds

In 2020 the Installment Purchase Revenue Bonds, Series 2020 (the "Series 2020 Bonds"), were issued in the amount of \$4,889,000 with an interest rate of 1.33%. The proceeds were used to refund the Series 2014 Bonds and pay certain costs relating to the issuance of the Series 2020 Bonds. Annual payments for the Series 2020 Bonds range from \$139,462 to \$629,201 including interest with a maturity date of March 2029. The amount outstanding of the Series 2020 Bonds as of December 31, 2022, is \$3,748,000.

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. On April 29, 2021, the City issued Special Obligation Bonds (Hospitality Fee Pledge), Series 2021 in the amount of \$2,500,000 at 1.490%, to finance the acquisition, construction, or purchase, of recreational facilities, appurtenances and improvements related thereto, including the revitalization and expansion of Eubanks Park. Annual payments range from \$67,250 to \$269,830 including interest with a maturity of March 2031. Revenues from the Hospitality Tax Fund will be used to repay these bonds. The amount outstanding as of December 31, 2022, is \$7,712,917.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

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>
2023	\$ 1,411,194	\$ 196,714	\$ 1,607,908
2024	1,435,384	172,157	1,607,541
2025	1,459,868	147,152	1,607,020
2026	1,484,655	121,691	1,606,346
2027	1,510,750	95,762	1,606,512
2028 - 2031	4,159,066	144,358	4,303,424
Total	<u>\$ 11,460,917</u>	<u>\$ 877,834</u>	<u>\$ 12,338,751</u>

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. The amount outstanding as of December 31, 2022, is \$5,252,096.

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>
2023	\$ 346,891	\$ 92,205	\$ 439,096
2024	353,177	85,919	439,096
2025	359,578	79,518	439,096
2026	366,094	73,002	439,096
2027	372,728	66,368	439,096
2028-2032	1,967,440	228,040	2,195,480
2033-2036	1,486,188	50,647	1,536,835
Total	<u>\$ 5,252,096</u>	<u>\$ 675,699</u>	<u>\$ 5,927,795</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Notes Payable (Continued)

In March 2020, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of a new refuse collector. The total amount financed was \$475,000 and bears a fixed interest rate of 2.05%. Payments are made quarterly and are payable in installments from \$25,049 to \$100,195 over a six-year period. The first payment was made in June 2020 and the note matures in December 2025. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2022, is \$219,770.

In February 2021, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of new vehicles and equipment. The total amount financed was \$615,000 and bears a fixed interest rate of 0.820%. Payments are made quarterly and are payable in installments of \$51,900 over a four-year period. The first payment was made in April 2021 and the note matures in December 2024. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2022, is \$257,912.

In February 2021, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of portable handheld radios for the police department. The total amount financed was \$310,000 and bears a fixed interest rate of 1.010%. Payments are made quarterly and are payable in installments of \$15,900 over a six-year period. The first payment was made in April 2021 and the note matures in December 2026. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2022, is \$203,104.

In April 2022, the City entered into an agreement with a financial institution to borrow funds to be used to finance the purchase of equipment for the police, fire, and general government departments. The total amount financed was \$1,500,000 and bears a fixed interest rate of 2.29%. Payments are made quarterly and are paid in installments from \$24,700 to \$103,742 over a five-year period. The first payment was made in June 2022 and the note matures in March 2027. Revenues from the General Fund will be used to repay this note. The amount outstanding as of December 31, 2022, is \$1,188,775.

Debt service requirements for the sanitation trucks, pumper truck, refuse collector, vehicles and equipment and portable handheld radios notes payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 779,298	\$ 30,727	\$ 810,025
2024	627,592	17,229	644,821
2025	308,932	6,451	315,383
2026	129,036	2,107	131,143
2027	24,703	141	24,844
Total	<u>\$ 1,869,561</u>	<u>\$ 56,655</u>	<u>\$ 1,926,216</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Notes Payable (Continued)

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.

Financed Purchases Payable

Business-type Activities (Recreation Fund)

In July 2021, the City has entered into a finance purchase agreement for the acquisition of mowing equipment for the Crowfield Golf Club, a division of the Recreation Department. Annual principal and interest payments range from \$101,415 to \$22,716. The amount outstanding as of December 31, 2022, is \$406,312.

In January 2020, the City has entered into a finance purchase agreement for the acquisition of golf carts for the Crowfield Golf Club, a division of the Recreation Department. Annual principal and interest payments range from \$6,840 to \$1,140. The amount outstanding as of December 31, 2022, is \$7,741.

In March 2021, the City has entered into a finance purchase agreement for the acquisition of mowing equipment for the Crowfield Golf Club, a division of the Recreation Department. Annual principal and interest payments range from \$10,986 to \$2,747. The amount outstanding as of December 31, 2022, is \$38,158.

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 113,032	\$ 6,210	\$ 119,242
2024	109,205	4,337	113,542
2025	109,759	2,643	112,402
2026	97,610	1,024	98,634
2027	22,605	111	22,716
Total	<u>\$ 452,211</u>	<u>\$ 14,325</u>	<u>\$ 466,536</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Leases

The City has entered into multiple noncancelable leases as the lessee for various right-to-use assets. The incremental borrowing rate varies from 2% to 7%. As of December 31, 2022, the City has \$125,402 outstanding in leases payable.

The annual requirements to amortize all leases payable as of December 31, 2022, including interest payments, are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 93,583	\$ 2,365	\$ 95,948
2024	30,346	477	30,823
2025	1,473	-	1,473
Total	<u>\$ 125,402</u>	<u>\$ 2,842</u>	<u>\$ 128,244</u>

NOTE 9. Leased Assets

Right-To-Use Assets

Lease asset activity for the City's business-type activities for the year ended December 31, 2022, was as follows:

Business-type activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease asset:				
Equipment	\$ 199,559	\$ 16,181	\$ -	\$ 215,740
Total capital assets	<u>199,559</u>	<u>16,181</u>	<u>-</u>	<u>215,740</u>
Less accumulated amortization:				
Equipment	-	(90,283)	-	(90,283)
Total accumulated amortization	<u>-</u>	<u>(90,283)</u>	<u>-</u>	<u>(90,283)</u>
Total leased assets net of accumulated amortization	<u>\$ 199,559</u>	<u>\$ (74,102)</u>	<u>\$ -</u>	<u>\$ 125,457</u>

NOTES TO FINANCIAL STATEMENTS

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 contingently liable with respect to various legal proceedings which occur in the course of governmental operations. It is the opinion of City management, based on the advice of legal counsel on pending litigation, that the ultimate disposition of these claims not covered by insurance will not have a material adverse effect on the financial condition of the City.

During the fiscal year ended December 31, 2022, a billing dispute arose regarding one such vendor that pertains to an unpaid account in the amount of approximately \$450,000. The City is vigorously defending such claims and disputes the amounts owed. The City estimates the amount owed to the vendor to be approximately \$39,000; however, the vendor maintains that amount is nearly \$450,000. The City has retained an attorney to try to reach a settlement, however, as of June 8, 2023, there are no pending lawsuits on this matter.

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 \$1,457,137.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER INFORMATION

A. Commitments and Contingent Liabilities (Continued)

Long-term Contract – Water Purchases (Continued)

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

<u>Year ending December 31,</u>	<u>Total</u>
2023	\$ 842,815
2024	867,982
2025	903,252

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.

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.

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits (Continued)

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

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 in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. 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 1, 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 1, 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, 2022, the City contributed \$1,423,948 to the SCRS plan and \$1,716,294 to the PORS plan.

Required employee contribution rates for the year ended December 31, 2022, 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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

Required employer contribution rates for the year ended December 31, 2022, are as follows:

South Carolina Retirement System

16.41% of earnable compensation from January 1st through June 30th
 17.41% of earnable compensation from July 1st through December 31st
 Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

18.84% of earnable compensation from January 1st through June 30th
 19.84% 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:

SCRS	Plan's fiscal year ended	City's fiscal year ended
Governmental Activities	June 30, 2022	December 31, 2022
Required contributions		
Actual contributions	\$ 846,771	\$ 920,298
	\$ 846,771	\$ 920,298
Business-type Activities		
Required contributions		
Actual contributions	\$ 463,411	\$ 503,650
	\$ 463,411	\$ 503,650
PORS		
Governmental Activities		
Required contributions		
Actual contributions	\$ 1,539,691	\$ 1,716,294
	\$ 1,539,691	\$ 1,716,294

Actuarial Assumptions and Methods

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2021, valuations for SCRS and PORS.

	<u>SCRS</u>	<u>PORS</u>
	Entry Age	Entry Age
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (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 2020 Public Retirees of South Carolina Mortality table (2021 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2021.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component, which is summarized in the table below.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100%		
		Total expected real return	4.79%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.04%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 table on the following page presents the sensitivity of the net pension liabilities to changes in the discount rate.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

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

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Governmental activities			
SCRS	\$ 13,346,821	\$ 10,410,314	\$ 7,968,296
PORS	\$ 21,142,035	\$ 15,161,679	\$ 10,266,177
Business-type activities			
SCRS	\$ 7,304,303	\$ 5,696,745	\$ 4,360,802

Net Pension Liability

The June 30, 2022, (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, 2021 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, 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, 2022 (measurement date of June 30, 2022), the City's proportional share of the NPL amounts for SCRS and PORS are presented below:

System	Measurement Period Ended June 30,	
	2022	2021
SCRS		
Governmental activities	\$ 10,410,314	\$ 14,556,894
Business-type activities	\$ 5,696,745	\$ 6,012,406
City's proportion of the net pension liability	0.066442%	0.095047%
PORS		
Governmental activities	\$ 15,161,679	\$ 6,085,800
City's proportion of the net pension liability	0.505561%	0.236533%

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the City recognized its proportionate share of collective pension expense of \$2,350,388 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 \$1,830,963 for a total of \$3,531,351 for governmental activities. Additionally, for the year ended December 31, 2022, the City recognized its proportionate share of collective pension expense of \$478,062 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 (\$441,019) for a total of \$37,043 for business-type activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Governmental activities</i>		
Differences between expected and actual experience	\$ 344,828	\$ 345,089
Net difference between projected and actual earnings on pension plan investments	61,839	-
Assumption changes	965,240	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,238,882	3,275,008
Employer contributions subsequent to the measurement date	1,472,224	-
Total	\$ 9,083,013	\$ 3,620,097
	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Business-type activities</i>		
Differences between expected and actual experience	\$ 49,494	\$ 24,827
Net difference between projected and actual earnings on pension plan investments	8,792	-
Assumption changes	182,708	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	264,048	1,728,726
Employer contributions subsequent to the measurement date	282,235	-
Total	\$ 787,277	\$ 1,753,553

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: \$1,472,224 and \$282,235 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, 2023. 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, 2022, was 3.910 and 4.130 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:

Governmental Activities			
Measurement Period	Fiscal Year	SCRS	PORS
Ending June 30,	Ending December 31,		
2022	2022	\$ (624,602)	\$ 2,290,047
2023	2023	(806,563)	2,217,169
2024	2024	(1,121,806)	1,175,701
2025	2025	271,415	589,331
Total		\$ (2,281,556)	\$ 6,272,248

Business-type Activities			
Measurement Period	Fiscal Year	SCRS	PORS
Ending June 30,	Ending December 31,		
2022	2022	\$ (341,826)	\$ -
2023	2023	(441,407)	-
2024	2024	(613,930)	-
2025	2025	148,652	-
Total		\$ (1,248,511)	\$ -

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at 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

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Payables to the Pension Plans

At December 31, 2022, the City reported payables of \$258,203 and \$314,934 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 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 17.41%, 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 2022 were \$86,682.

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 \$19,589 in 2022.

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 2022 were \$91,305, which is equivalent to the required contributions. The annual contribution is recorded as a disbursement in the Fireman's 1% Agency Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOOSE CREEK, SOUTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues:			
Local revenues:			
Property taxes	\$ 7,195,275	\$ 7,173,417	\$ (21,858)
Licenses, permits, and franchise taxes	11,918,035	14,942,100	3,024,065
Charges for services	3,279,622	3,771,978	492,356
Fines and forfeitures	305,400	465,480	160,080
Miscellaneous	237,817	1,996,951	1,759,134
Total local revenues	<u>22,936,149</u>	<u>28,349,926</u>	<u>5,413,777</u>
State revenues	5,737,152	9,627,353	3,890,201
Federal revenues	348,288	380,669	32,381
Total revenues	<u>29,021,589</u>	<u>38,357,948</u>	<u>9,336,359</u>
Expenditures:			
Current:			
Legislative	364,314	384,318	(20,004)
Human resources	216,807	228,403	(11,596)
Administrative	2,075,704	2,257,127	(181,423)
Police	9,587,084	9,842,676	(255,592)
Fire	6,583,460	7,284,415	(700,955)
Sanitation	2,009,669	1,994,759	14,910
Maintenance	1,152,316	1,194,473	(42,157)
Garage	466,438	560,023	(93,585)
Court	449,305	442,982	6,323
Planning	754,519	655,681	98,838
Economic development	226,591	221,134	5,457
Information technology	910,938	862,207	48,731
Capital outlay	779,804	2,084,552	(1,304,748)
Total expenditures	<u>25,576,949</u>	<u>28,012,750</u>	<u>(2,435,801)</u>
Excess of revenues over expenditures	<u>3,444,640</u>	<u>10,345,198</u>	<u>6,900,558</u>
Other financing sources (uses):			
Transfers in	255,000	180,000	(75,000)
Transfers out	(3,525,188)	(4,864,167)	(1,338,979)
Sale of capital assets	18,900	3,582	(15,318)
Insurance proceeds	-	190,042	190,042
Total other financing uses, net	<u>(3,251,288)</u>	<u>(4,490,543)</u>	<u>(1,239,255)</u>
Net change in fund balances	<u>193,352</u>	<u>5,854,655</u>	<u>5,661,303</u>
Fund balances, beginning of year	<u>14,713,152</u>	<u>14,713,152</u>	<u>-</u>
Fund balances, end of year	<u>\$ 14,906,504</u>	<u>\$ 20,567,807</u>	<u>\$ 5,661,303</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**LOCAL HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local revenues:			
Licenses, permits, and franchise taxes	\$ 2,313,775	\$ 2,843,109	\$ 529,334
Miscellaneous	2,056	34,077	32,021
Total local revenues	<u>2,315,831</u>	<u>2,877,186</u>	<u>561,355</u>
Total revenues	<u>2,315,831</u>	<u>2,877,186</u>	<u>561,355</u>
Expenditures:			
Current:			
Administrative	337,921	261,043	76,878
Capital outlay	3,792,475	4,112,656	(320,181)
Debt service:			
Principal retirement	812,294	812,294	-
Interest	166,209	166,296	(87)
Total expenditures	<u>5,108,899</u>	<u>5,352,289</u>	<u>(243,390)</u>
Net change in fund balances	<u>(2,793,068)</u>	<u>(2,475,103)</u>	<u>317,965</u>
Fund balances, beginning of year	<u>5,775,026</u>	<u>5,775,026</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,981,958</u>	<u>\$ 3,299,923</u>	<u>\$ 317,965</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON SCHEDULE- GENERAL FUND AND LOCAL HOSPITALITY TAX FUND FOR THE YEAR ENDED DECEMBER 31, 2022

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 and the ARPA Fund. Budgets for the General Fund and the special revenue funds that are major funds are presented as required supplementary 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 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED DECEMBER 31,

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
2022	0.066442%	\$ 16,107,059	\$ 7,911,727	203.6%	57.10%
2021	0.095047%	20,569,300	10,743,148	191.5%	60.70%
2020	0.089454%	22,857,126	9,979,828	229.0%	50.70%
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%

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
2022	0.505561%	\$ 15,161,679	\$ 8,086,614	187.5%	66.40%
2021	0.236533%	6,085,800	3,596,158	169.2%	70.40%
2020	0.239700%	7,948,962	3,661,167	217.1%	58.80%
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 SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31,

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
2022	\$ 1,423,948	\$ 1,423,948	\$ -	\$ 8,324,301	17.11%
2021	1,485,236	1,485,236	-	9,278,678	16.01%
2020	1,666,245	1,666,245	-	10,708,518	15.56%
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%

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
2022	\$ 1,716,294	\$ 1,716,294	\$ -	\$ 8,716,317	19.69%
2021	1,077,948	1,077,948	-	5,748,276	18.75%
2020	682,321	682,321	-	3,782,269	18.04%
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 SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31,

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, 2020	July 1, 2020
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	27 years maximum, closed period	27 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, 2022**

	Special Revenue Funds				
	Impact Fee Fund	Confiscated Drug Monies Fund	E911 Fund	Tourism Fund	Victims' Assistance Fund
ASSETS					
Cash	\$ -	\$ 169,957	\$ 290,633	\$ -	\$ -
Receivables, net of allowance					
Fines	-	-	-	-	153,530
Due from other funds	4,767,932	-	-	157,435	-
Due from other governments	-	-	15,984	-	-
Total assets	\$ 4,767,932	\$ 169,957	\$ 306,617	\$ 157,435	\$ 153,530
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 85	\$ -	\$ -
Accrued salaries and related liabilities	-	-	-	-	1,082
Escrow payable	-	36,063	-	-	-
Due to other funds	28,136	2,494	4,072	-	28,157
Total liabilities	28,136	38,557	4,157	-	29,239
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	2,895	-	153,530
Total deferred inflows of resources	-	-	2,895	-	153,530
FUND BALANCES					
Restricted:					
Public safety	-	131,400	299,565	-	-
Tourism	-	-	-	157,435	-
Capital projects	4,739,796	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	(29,239)
Total fund balances (deficits)	4,739,796	131,400	299,565	157,435	(29,239)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 4,767,932	\$ 169,957	\$ 306,617	\$ 157,435	\$ 153,530

Capital Projects Funds		
Capital Projects Fund	Goose Creek Municipal Finance Corporation	Total Nonmajor Governmental Funds
\$ 1,502,127	\$ -	\$ 1,962,717
-	-	153,530
-	152,754	5,078,121
-	-	15,984
<u>\$ 1,502,127</u>	<u>\$ 152,754</u>	<u>\$ 7,210,352</u>
\$ -	\$ -	\$ 85
-	-	1,082
-	-	36,063
-	-	62,859
-	-	100,089
-	-	156,425
-	-	156,425
-	-	430,965
-	-	157,435
1,502,127	-	6,241,923
-	152,754	152,754
-	-	(29,239)
<u>1,502,127</u>	<u>152,754</u>	<u>6,953,838</u>
<u>\$ 1,502,127</u>	<u>\$ 152,754</u>	<u>\$ 7,210,352</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, 2022**

	Special Revenue Funds				
	Impact Fee Fund	Confiscated Drug Monies Fund	E911 Fund	Tourism Fund	Victims' Assistance Fund
Revenues:					
Local Revenue					
Fines and forfeitures	\$ -	\$ 18,314	\$ -	\$ -	\$ 65,275
Miscellaneous	1,353,352	-	41,560	803	20
Total local revenues	<u>1,353,352</u>	<u>18,314</u>	<u>41,560</u>	<u>803</u>	<u>65,295</u>
State revenues	-	-	372,154	40,084	-
Total revenues	<u>1,353,352</u>	<u>18,314</u>	<u>413,714</u>	<u>40,887</u>	<u>65,295</u>
Expenditures:					
Current:					
Administrative	-	-	-	-	-
Police	-	29,206	117,463	-	72,923
Recreation	-	-	-	41,943	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Issuance costs	-	-	-	-	-
Capital outlay	28,135	-	150,719	-	-
Total expenditures	<u>28,135</u>	<u>29,206</u>	<u>268,182</u>	<u>41,943</u>	<u>72,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,325,217</u>	<u>(10,892)</u>	<u>145,532</u>	<u>(1,056)</u>	<u>(7,628)</u>
Other financing sources					
Issuance of debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,325,217	(10,892)	145,532	(1,056)	(7,628)
Fund balances (deficits), beginning of year	<u>3,414,579</u>	<u>142,292</u>	<u>154,033</u>	<u>158,491</u>	<u>(21,611)</u>
Fund balances (deficits), end of year	<u>\$ 4,739,796</u>	<u>\$ 131,400</u>	<u>\$ 299,565</u>	<u>\$ 157,435</u>	<u>\$ (29,239)</u>

Capital Projects Funds

Capital Projects Fund	Goose Creek Municipal Finance Corporation	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 83,589
2,128	897	1,398,760
<u>2,128</u>	<u>897</u>	<u>1,482,349</u>
-	-	412,238
<u>2,128</u>	<u>897</u>	<u>1,894,587</u>
473,807	4,596	478,403
-	-	219,592
-	-	41,943
813,813	574,000	1,387,813
32,746	54,630	87,376
4,500	-	4,500
<u>856,701</u>	<u>-</u>	<u>1,035,555</u>
<u>2,181,567</u>	<u>633,226</u>	<u>3,255,182</u>
<u>(2,179,439)</u>	<u>(632,329)</u>	<u>(1,360,595)</u>
1,500,000	-	1,500,000
<u>2,148,841</u>	<u>633,226</u>	<u>2,782,067</u>
<u>3,648,841</u>	<u>633,226</u>	<u>4,282,067</u>
1,469,402	897	2,921,472
<u>32,725</u>	<u>151,857</u>	<u>4,032,366</u>
<u>\$ 1,502,127</u>	<u>\$ 152,754</u>	<u>\$ 6,953,838</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**COMPARATIVE SCHEDULES OF REVENUES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
LOCAL REVENUES		
Property taxes		
Real and personal	\$ 6,009,351	\$ 4,002,749
Vehicle	937,965	738,508
Homestead tax	226,101	191,375
Total property taxes	<u>7,173,417</u>	<u>4,932,632</u>
Licenses and permits		
Business licenses	10,396,820	8,544,047
Building permits	1,705,975	953,539
Franchise fees	2,839,305	2,873,374
Total licenses and permits	<u>14,942,100</u>	<u>12,370,960</u>
Charges for services		
Police and fire	1,455,181	1,209,375
Sanitation fees	2,263,949	2,194,168
Administrative fees	52,848	67,615
Total charges for services	<u>3,771,978</u>	<u>3,471,158</u>
Fines and forfeitures		
Court fines	465,480	320,868
Miscellaneous		
Interest	241,272	13,402
Rent	68,065	67,510
Other	1,687,614	326,952
Total miscellaneous revenues	<u>1,996,951</u>	<u>407,864</u>
TOTAL LOCAL REVENUES	<u>\$ 28,349,926</u>	<u>\$ 21,503,482</u>
STATE REVENUES		
Inventory tax and manufacturers' exemption	\$ 25,329	\$ 14,886
Accommodations tax	28,200	26,604
Local government fund - quarterly	1,069,184	952,516
Local option sales tax - municipal revenue	2,238,843	1,993,052
Local option sales tax - rebatable	3,422,867	3,645,752
Grants	2,842,930	1,522,877
TOTAL STATE REVENUES	<u>\$ 9,627,353</u>	<u>\$ 8,155,687</u>
FEDERAL REVENUES		
Grants	\$ 380,669	\$ 445,777
TOTAL FEDERAL REVENUES	<u>\$ 380,669</u>	<u>\$ 445,777</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**COMPARATIVE SCHEDULES OF EXPENDITURES - GENERAL FUND
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Expenditures:	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Personnel	Other	Total	Personnel	Other	Total
Current:						
Legislative	\$ 228,387	\$ 155,931	\$ 384,318	\$ 236,901	\$ 122,992	\$ 359,893
Human Resources	189,563	38,840	228,403	173,073	42,235	215,308
Administrative	1,608,551	648,576	2,257,127	1,457,324	582,811	2,040,135
Police	8,297,305	1,545,371	9,842,676	6,763,068	1,355,610	8,118,678
Fire	6,188,521	1,095,894	7,284,415	5,868,763	1,011,238	6,880,001
Sanitation	1,442,496	552,263	1,994,759	1,273,110	420,209	1,693,319
Maintenance	455,229	739,244	1,194,473	292,995	668,249	961,244
Garage	327,709	232,314	560,023	280,081	173,578	453,659
Court	329,852	113,130	442,982	312,271	126,521	438,792
Planning	553,178	102,503	655,681	195,123	115,345	310,468
Economic development	124,880	96,254	221,134	138,064	139,028	277,092
Information technology	376,292	485,915	862,207	349,477	503,766	853,243
Capital outlay	-	2,084,552	2,084,552	-	737,550	737,550
Debt service						
Principal	-	-	-	-	622,011	622,011
Interest	-	-	-	-	21,334	21,334
Total expenditures	<u>\$ 20,121,963</u>	<u>\$ 7,890,787</u>	<u>\$ 28,012,750</u>	<u>\$ 17,340,250</u>	<u>\$ 6,642,477</u>	<u>\$ 23,982,727</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

**COMPARATIVE SCHEDULES OF EXPENSES
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Personnel	Other	Total	Personnel	Other	Total
Water Department	\$ 1,527,591	\$ 8,964,621	\$ 10,492,212	\$ 1,592,190	\$ 3,339,372	\$ 4,931,562
Recreation Department						
Administration	719,513	563,789	1,283,302	652,802	491,757	1,144,559
Course and grounds	470,763	443,981	914,744	474,069	382,646	856,715
Cart rental	143,212	52,609	195,821	112,538	118,983	231,521
Pro shop	264,106	149,116	413,222	265,128	129,359	394,487
Food and beverage	254,733	360,749	615,482	250,934	276,987	527,921
Maintenance	772,531	437,933	1,210,464	861,403	288,087	1,149,490
Sports programs	320,403	263,425	583,828	304,362	184,774	489,136
Concessions	-	701	701	-	864	864
Community education	554,077	750,112	1,304,189	516,175	595,590	1,111,765
Special events	-	7,264	7,264	-	55,802	55,802
Community center	229,696	77,794	307,490	208,744	66,448	275,192
Pool	65,059	60,063	125,122	47,877	40,778	88,655
Tennis	-	14,975	14,975	-	2,695	2,695
Total recreation department expenses	<u>3,794,093</u>	<u>3,182,511</u>	<u>6,976,604</u>	<u>3,694,032</u>	<u>2,634,770</u>	<u>6,328,802</u>
Total operating expenses	<u>\$ 5,321,684</u>	<u>\$ 12,147,132</u>	<u>\$ 17,468,816</u>	<u>\$ 5,286,222</u>	<u>\$ 5,974,142</u>	<u>\$ 11,260,364</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 1,188,356	\$ 1,188,356
Court fines and assessments remitted to State Treasurer	N/A	N/A	676,560	676,560
Total Court Fines and Assessments retained	N/A	N/A	\$ 511,796	\$ 511,796
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 9,108	\$ 9,108
Assessments retained	N/A	N/A	56,167	56,167
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 65,275	\$ 65,275

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ (21,611)	N/A	\$ (21,611)
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	56,167	N/A	56,167
Victim Service Surcharges Retained by City/County Treasurer	9,108	N/A	9,108
Interest Earned	20	N/A	20
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 43,684	N/A	\$ 43,684

CITY OF GOOSE CREEK, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 71,919	N/A	\$ 71,919
Operating Expenditures	1,004	N/A	1,004
Victim Service Contract(s):			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(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	-
Total Expenditures from Victim Service Fund/Program (B)	72,923	N/A	72,923
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	(29,239)	N/A	(29,239)
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ (29,239)	N/A	\$ (29,239)

COMPLIANCE SECTION

CITY OF GOOSE CREEK, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Grant Identification Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Transportation</u>				
Passed through - South Carolina Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT-2022-HS-28-22	\$ 212,598	\$ -
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	164AL-2022-HS-37-22	73,110	-
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	164AL-2022-HS-36-22	94,961	-
Total Highway Safety Cluster			<u>380,669</u>	<u>-</u>
Total U.S. Department of Transportation			<u>380,669</u>	<u>-</u>
<u>U.S. Department of the Treasury</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>4,936,110</u>	<u>-</u>
Total U.S. Department of Transportation			<u>4,936,110</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,316,779</u>	<u>\$ -</u>

CITY OF GOOSE CREEK, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Goose Creek, South Carolina (the "City") under programs of the federal government for the year ended December 31, 2022.

The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The City has elected not to use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. NON-CASH AWARDS

The City did not receive any non-cash federal awards during the year ended December 31, 2022.



**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**

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2023.

Report on Internal Control over Financial Reporting

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

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Columbia, South Carolina
June 8, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Goose Creek, South Carolina's** (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended December 31, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 8, 2023

CITY OF GOOSE CREEK, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

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

Significant deficiencies identified?
 Reported ___ Yes X None

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? ___ Yes X No

Significant deficiencies identified? ___ Yes X No

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

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

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
PRIOR YEAR FINDINGS AND RESPONSES

None reported.