



CITY OF SENECA

June 30, 2020

Financial Report

CITY OF SENECA
ANNUAL FINANCIAL REPORT
JUNE 30, 2020

City of Seneca
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seneca's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

Other Matters(cont.)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2021, on our consideration of the City of Seneca, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Seneca's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Seneca, South Carolina's internal control over financial reporting and compliance.



Stencil, Cooley, Estep & Stamey, LLP

Seneca, South Carolina
February 12, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Seneca
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

As management of the City of Seneca we offer readers of the City of Seneca's financial statements this narrative overview and analysis of the financial activities of the City of Seneca for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements, additional information furnished in the notes to the financial statements and the supplementary statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Seneca exceeded its liabilities at the close of the most recent fiscal year by \$48,881,181 (net position).
- The government's total net position increased by \$5,427,382 during the fiscal year. See the Governmental-wide financial analysis section for more details.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,569,519.
- On July 1, 2005, the City issued \$12,500,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. On March 29, 2012, the City issued \$8,350,000 of revenue bonds to provide resources for future debt service payments on the July 1, 2005 bonds. On September 26, 2013, the City issued \$5,840,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. During the current fiscal year the city repaid \$1,205,000, leaving an outstanding balance of \$8,505,000 at June 30, 2020. For more details see Note number eleven in the Notes to Financial Statements.
- On October 29, 2019, the City entered into a 7-year lease-purchase agreement of \$1,700,000 to acquire essential vehicles and equipment.
- On November 21, 2019, the Seneca Facilities Corporation issued \$5,000,000 of installment purchase revenue bonds to provide resources for future payments on the New Market Tax Credit loans. The issuance also provides funding for improvements at the Seneca Industrial Complex, as well as future construction of the Public Works Facility.
- Following Governor Henry McMaster's initial declaration of a State of Emergency in South Carolina on March 13, 2020 due to the Covid-19 pandemic, the City of Seneca entered into a state of an emergency on March 24, 2020. While the City of Seneca continued to prepare and safeguard its Council, staff and citizens, this emergency ordinance was subsequently extended an additional 60 days to maintain the health and safety of the people of Seneca. The city has sought for and received state reimbursement for most COVID-related expenses during fiscal year 2020 and is following this same approach in fiscal year 2021.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

The basic governmental funds financial statements can be found on pages 5-8 of this report.

Proprietary funds

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

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

The basic proprietary fund financial statements can be found on pages 13-18 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-55 of this report.

Supplementary information

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

Governmental-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seneca, assets exceeded liabilities by \$48,888,181 at the close of the most recent fiscal year.

By far the largest portion of the City of Seneca's net position (106 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Seneca uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Current and Other Assets	\$ 4,014,152	\$ 5,390,991	\$ 21,675,458	\$ 17,545,466	\$25,689,610	\$22,936,457
Net Capital Assets	16,684,005	15,738,234	66,465,859	58,995,789	83,149,864	74,734,023
Total Assets	<u>\$20,698,157</u>	<u>\$21,129,225</u>	<u>\$88,141,317</u>	<u>\$76,541,255</u>	<u>\$108,839,474</u>	<u>\$97,670,480</u>
Long-term Debt Outstanding	\$ 11,743,513	\$ 11,430,390	\$ 37,410,027	\$ 32,699,294	\$49,153,540	\$44,129,684
Other Liabilities	2,154,637	2,857,435	8,643,116	7,222,562	10,797,753	10,079,997
Total Liabilities	<u>\$13,898,150</u>	<u>\$14,287,825</u>	<u>\$46,053,143</u>	<u>\$39,921,856</u>	<u>\$59,951,293</u>	<u>\$54,209,681</u>
Net Assets						
Investment in Capital (net of related debt)	\$ 15,334,144	\$ 14,919,382	\$ 36,474,656	\$ 32,981,016	\$51,808,800	\$47,900,398
Restricted	1,349,861	671,943	6,202,081	6,825,058	7,551,942	7,497,001
Unrestricted	(9,883,997)	(8,749,925)	(588,563)	(3,186,675)	(10,472,560)	(11,936,600)
Total Net Position	<u>\$ 6,800,007</u>	<u>\$6,841,400</u>	<u>\$42,088,174</u>	<u>\$36,619,399</u>	<u>\$48,888,181</u>	<u>\$43,460,799</u>

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

Governmental activities

During the current fiscal year, the City of Seneca's governmental activities' net position decreased by \$41,393. Key factors in this decrease are as follows:

- Governmental funds deficiency of revenues and other financing sources over expenditures of \$360,999 caused by general fund deficit of \$134,134 and a deficit of \$226,865 in other governmental funds.
- Change in capital assets of \$2,828,674 exceeded the depreciation expense of \$(1,882,904) resulting in a surplus of \$945,770 as reported on the Statement of Activities.
- Change in City's proportionate share of net pension liability, deferred outflow, and deferred inflow decreased by \$257,232, GASB 68.
- Changes in compensated absences accrued in salary expense increased by \$15,987.

The table below summarizes the changes in net position for fiscal year 2020.

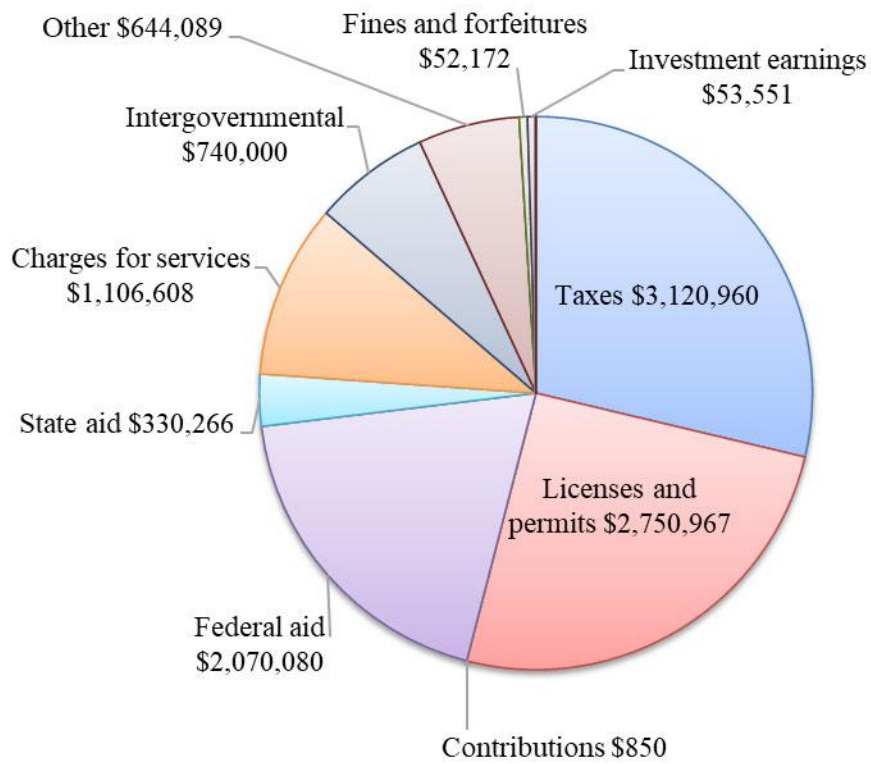
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
REVENUES:						
Program Revenues:						
Charges for sales and	\$1,106,608	\$1,098,030	\$30,369,162	\$30,894,895	\$31,475,770	\$31,992,925
General revenues:						
Property taxes	3,120,960	3,140,680	-	-	3,120,960	3,140,680
Other revenues	2,750,967	2,690,238	-	-	2,750,967	2,690,238
Restricted grants	2,219,669	1,385,632	-	-	2,219,669	1,385,632
Grants and contributions not restricted to specific	921,527	929,206	3,630,850	-	4,552,377	929,206
Other/Interest/Fines	749,812	381,881	2,063,285	237,401	2,813,097	619,282
Total revenues	\$10,869,543	\$9,625,667	\$36,063,297	\$31,132,296	\$46,932,840	\$40,757,963
EXPENSES:						
General government	\$2,684,164	\$2,934,071	-	-	\$2,684,164	\$2,934,071
Public safety	5,754,121	5,906,088	-	-	5,754,121	5,906,088
Public Works	1,570,629	1,822,986	-	-	1,570,629	1,822,986
Culture and recreation	1,946,477	2,120,881	-	-	1,946,477	2,120,881
Museums	281,732	233,424	-	-	281,732	233,424
Depreciation	1,882,904	1,866,986	2,389,748	2,352,281	4,272,652	4,219,267
Other	1,313,383	237,446	855,792	646,851	2,169,175	884,297
Administration	-	-	4,910,107	4,502,166	4,910,107	4,502,166
Electric	-	-	11,241,620	11,910,336	11,241,620	11,910,336
Water	-	-	3,441,555	3,484,251	3,441,555	3,484,251
Sewer	-	-	2,670,414	2,710,274	2,670,414	2,710,274
Tornado Related	-	-	21,404	-	21,404	-
Interest on Long Term debt	-	-	644,055	701,748	644,055	701,748
Total expenses	\$15,433,410	\$15,121,882	\$26,174,695	\$26,307,907	\$41,608,105	\$41,429,789
Increase in net position before transfers	(4,563,867)	(5,496,215)	9,888,602	4,824,389	5,324,735	(671,826)
Transfer	4,389,048	4,515,015	(4,389,048)	(4,515,015)	-	-
Increase in net position	(174,819)	(981,200)	5,499,554	309,374	5,324,735	(671,826)
Beginning net position	6,841,400	7,822,600	36,619,399	36,310,025	43,460,799	44,132,625
Prior-period adjustment	133,426	-	(30,779)	-	102,647	-
Ending net position	\$6,800,007	\$6,841,400	\$42,088,174	\$36,619,399	\$48,888,181	\$43,460,799

GOVERNMENTAL ACTIVITIES

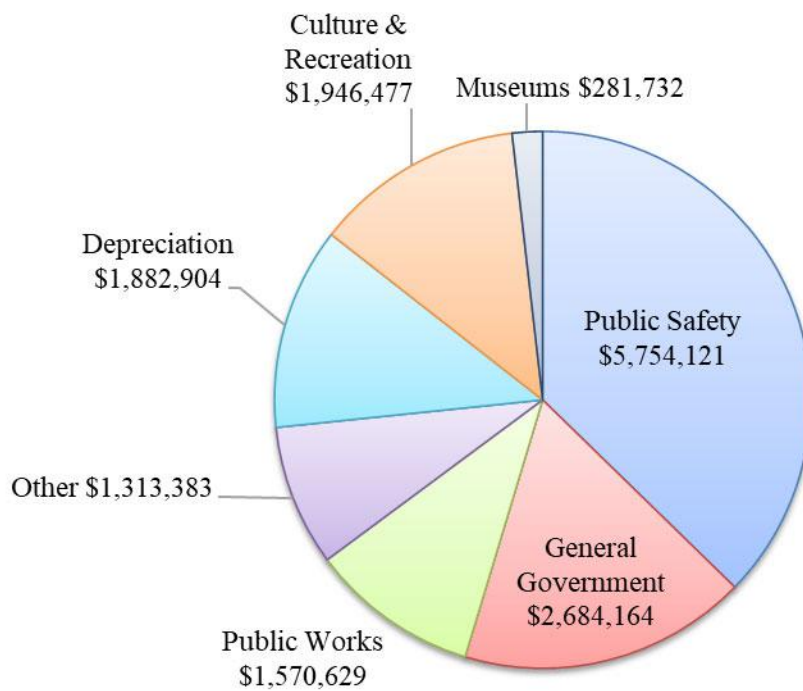
A chart is provided below which depicts the amount of revenue derived from property taxes, grants and contributions, business license and permit fees, charges for services, intergovernmental, and other revenues.

Revenue by Source



The figure below represents the expenditures of all governmental activities. The majority of expense comes from public safety (Police and Fire Departments), the next highest expense is General government (Municipal Judge, Mayor & Council, Finance/Administration, and Planning & Development). The City of Seneca ended the year with a decrease in net position of \$41,393. See page xi for the key factors in this decrease.

Expenditures by Function

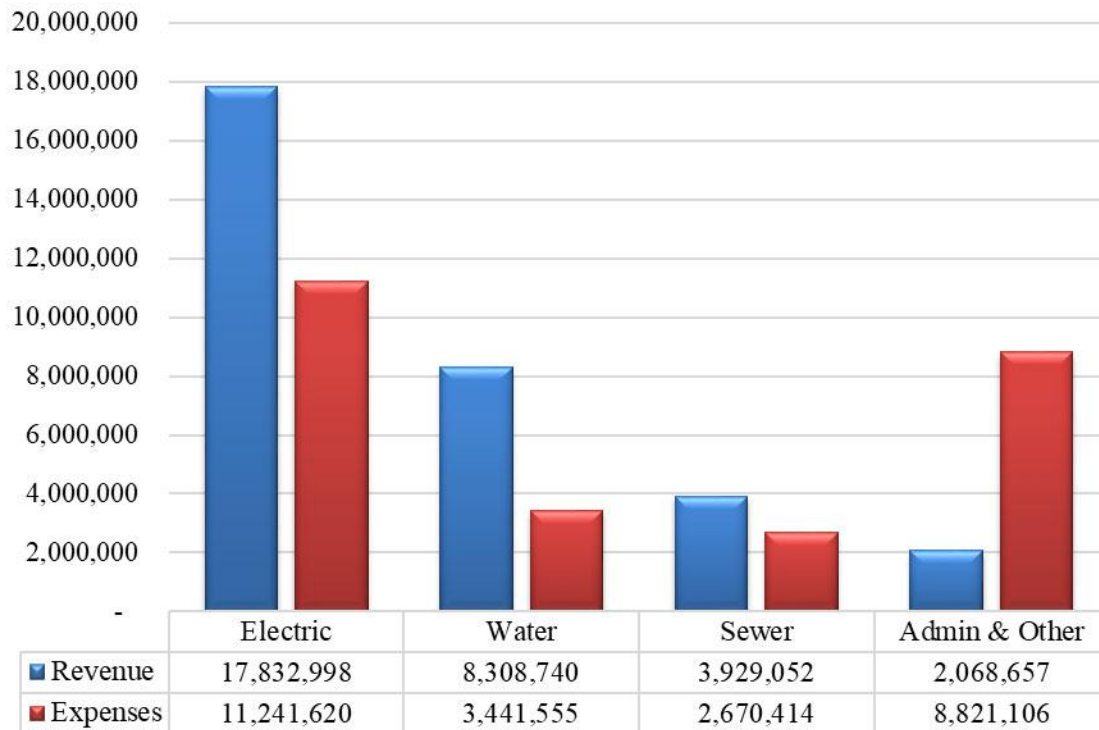


Business-type activities

Business-type activities increased the City of Seneca’s net position by \$5,468,775. Key elements of the increase are as follows:

- Operating Revenues exceed Operating Expenses by \$6,227,765 for the Light & Water, Seneca Facilities Corp, and Seneca Improvements Corp Funds combined.
- Forgiveness of debt of \$1,200,000 in Seneca Facilities Corporation Fund from refinance of bonds.
- Transfers to other funds of \$4,389,048.

Expenses and Program Revenues



Financial Analysis of the Government's Funds

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

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

Government wide unrestricted net assets at June 30, 2020 is \$(9,883,997) due to the change in accounting principle GASB 68. GASB 68 requires the City to record a pension liability of \$10,697,126 for Governmental Funds. The unrestricted net assets balance would be \$813,129 without the pension liability recorded. The remainder of net position is reserved to indicate that it is not available for new spending because it is comprised of investments in capital assets, restrictions for debt service and health care expenses.

The general fund is the chief operating fund of the City of Seneca. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,569,519, while total assets were \$2,357,925. In addition, the city has \$16,684,005 in general fixed assets net of depreciation. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds

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

Unrestricted Net Position of the Light and Water Fund at fiscal year end was \$(588,563). The Seneca Facilities Corporation Fund handles the activity at the Industrial Facility on Shiloh Road. The Restricted Net Position of the Seneca Facilities Corporation Fund at fiscal year end was \$2,654,147. The Seneca Improvements Corporation Fund aids with economic business establishment and retention for the City of Seneca. The Restricted Net Position of the Seneca Improvements Corporation Fund at fiscal year end was \$2,077,236.

General Fund Budgetary Highlights

The actual revenues exceeded budget by \$500,140 while the actual expenditures, including capital outlay, exceed the budgeted expenditures by \$829,724. Overall, General Fund revenues exceeded expenditures by \$54,645. The following is a brief summary of some of the variances.

- Total actual capital outlay exceeded department budget by \$630,406; however, this was due to the budgeted 2019 Capital Equipment Lease Purchase program which is represented as financing source of \$729,696.

- Public Safety expenditures exceeded budget by \$293,310 primarily due to tornado-related expenses, including overtime.

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

Capital Assets

The City of Seneca's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$83,149,864 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture and fixtures, equipment and vehicles, electrical system, water system, sewer system and construction in progress.

Major capital asset events during the current fiscal year included the following (please note, some of the number below are not net of accumulated depreciation):

- Construction in Progress for Light & Water increased \$4,065,814 for the SRF Lift Station Project and various improvements for electrical, sewer and water.
- Construction in Progress for Light & Water increased an additional \$3,937,560 due to the tornado which resulted in widespread destruction to two circuits on the electrical system.
- Construction in Progress increased for Seneca Improvements Corporation by \$224,442 for renovation at the Kimbrell's & Harper's buildings.
- Construction in Progress for Seneca Facilities Corporation increased by \$628,316 for property upgrades at the Seneca Industrial Complex.
- The 2019 Capital Lease Purchase increased Vehicles & Equipment in both the Governmental and Light & Water Funds \$1,322,780.
- Equipment in the Governmental fund increased \$1,556,724 for the purchases of 2 Transit Buses which a portion was reimbursable through SCDOT.

The total increase in the City of Seneca's net capital assets for the current fiscal year was \$8,415,839 coming from an increase of \$945,770 for Governmental Activities and an increase of \$7,470,069 for Business-type Activities.

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

	Governmental Activities		Business-type Activities		Total	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
Land	1,327,312	1,035,039	1,271,576	1,271,576	2,598,888	2,306,615
Building and system	4,244,922	4,468,195	15,646,139	16,458,312	19,891,061	20,926,507
Improvement other than Building	5,503,337	6,210,443	35,816,956	35,481,764	41,320,293	41,692,207
Machinery and equipment	2,485,724	971,968	957,582	1,161,474	3,443,306	2,133,442
Vehicles	2,991,647	3,014,033	1,261,659	559,393	4,253,306	3,573,426
Construction in Progress	131,063	38,558	11,511,947	4,063,271	11,643,010	4,101,829
Total	<u>\$16,684,005</u>	<u>\$15,738,235</u>	<u>\$66,465,859</u>	<u>\$58,995,790</u>	<u>\$83,149,864</u>	<u>\$74,734,025</u>

Additional information on the City of Seneca's capital assets can be found in note 6 in the Notes to Financial Statements beginning on page 23.

Economic Factors and Next Year's Budgets and Rates

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

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

In fiscal year 2020, no residential land was added to the City of Seneca. Growth inside the city is also shown by the number of housing starts and building permits issued. In fiscal year 2020, 45 single family houses were started and the value of residential permits issued was \$13,361,450. This value includes renovation activity after the April 2020 EF-3 tornado.

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

Within the City of Seneca, the market value was increased by 2.12% percent from \$761,489,816 in 2019 to \$777,620,375 in 2020.

Request for Information

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

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BASIC FINANCIAL STATEMENTS

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City of Seneca
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 1,148,324	\$ 8,377,147	\$ 9,525,471
Investments	101,660	112,703	214,363
Receivables			
Property taxes	82,714	-	82,714
Accounts	797,416	4,197,143	4,994,559
Other	-	154,747	154,747
Health care	380,406	120,622	501,028
Prepaid expenses	30,934	12,983	43,917
Internal balances	(204,664)	204,664	-
Due from other governments	92,138	-	92,138
Inventory	16,881	1,397,152	1,414,033
Capital assets held for resale	-	1,761,920	1,761,920
Restricted cash	38,549	3,987,770	4,026,319
Capital assets:			
Land and construction in progress	1,458,375	12,783,523	14,241,898
Other capital assets, net of depreciation	15,225,630	53,682,336	68,907,966
Total assets	\$ 19,168,363	\$ 86,792,710	\$ 105,961,073
Deferred outflow of resources			
Deferred bond gain	\$ -	\$ 331,878	\$ 331,878
Deferred pension charges	1,529,794	1,016,729	2,546,523
Total deferred outflow of resources	\$ 1,529,794	\$ 1,348,607	\$ 2,878,401
Liabilities			
Accounts payable	\$ 367,964	\$ 1,448,164	\$ 1,816,128
Accrued expenses	375,185	1,137,781	1,512,966
Compensated absences payable	555,282	379,539	934,821
Customer deposits	-	1,010,399	1,010,399
Unearned revenue	33,721	1,886,282	1,920,003
Noncurrent liabilities, net:			
Due within one year	303,474	2,618,737	2,922,211
Due in more than one year	1,046,387	28,604,344	29,650,731
Net pension liability	10,697,126	8,805,683	19,502,809
Total liabilities	\$ 13,379,139	\$ 45,890,929	\$ 59,270,068
Deferred inflow of resources			
Deferred pension credits	\$ 519,011	\$ 162,214	\$ 681,225
Net position			
Invested in capital assets, net of debt	\$ 15,334,143	\$ 36,474,656	\$ 51,808,799
Restricted for:			
Debt service	1,349,861	2,972,355	4,322,216
Other	-	3,229,726	3,229,726
Unrestricted	(9,883,997)	(588,563)	(10,472,560)
Total net position	\$ 6,800,007	\$ 42,088,174	\$ 48,888,181

See Notes to Financial Statements

City of Seneca
Statement of Activities
For the Year Ended June 30, 2020

Functions / programs	Program revenues				Net (expense) revenue & changes in net position		
	Expenses	Charges for services	Operating grants & contributions	Capital grants & contributions	Governmental activities	Primary government	
						Business-type activities	Total
Primary government:							
Governmental activities							
General government	\$ 2,684,164	\$ -	\$ -	\$ -	\$ (2,684,164)	\$ -	\$ (2,684,164)
Public safety	5,754,121	-	-	-	(5,754,121)	-	(5,754,121)
Public works	1,570,629	-	-	-	(1,570,629)	-	(1,570,629)
Cultural & recreation	1,946,477	1,106,608	-	-	(1,946,477)	-	(1,946,477)
Museums	281,732	-	-	-	(281,732)	-	(281,732)
Depreciation	1,882,904	-	-	-	(1,882,904)	-	(1,882,904)
Project administration	839,329	-	-	-	(839,329)	-	(839,329)
Other	474,054	-	-	850	(473,204)	-	(473,204)
Total governmental activities	\$ 15,433,410	\$ 1,106,608	\$ -	\$ 850	\$ (14,325,952)	\$ -	\$ (14,325,952)
Business-type activities							
Electric	\$ 11,241,620	\$ 17,832,998	\$ -	\$ -	\$ -	\$ 6,591,378	\$ 6,591,378
Water	3,441,555	8,308,740	-	-	-	4,867,185	4,867,185
Sewer	2,670,414	3,929,052	-	2,963,850	-	4,222,488	4,222,488
Admin	4,910,107	-	-	-	-	(4,910,107)	(4,910,107)
Other	855,792	298,372	-	667,000	-	109,580	109,580
Interest	644,055	-	-	-	-	(644,055)	(644,055)
Depreciation	2,389,748	-	-	-	-	(2,389,748)	(2,389,748)
Tornado-related	21,404	-	-	-	-	(21,404)	(21,404)
Total business activities	\$ 26,174,695	\$ 30,369,162	\$ -	\$ 3,630,850	\$ -	\$ 7,825,317	\$ 7,825,317
Total primary government	\$ 41,608,105	\$ 31,475,770	\$ -	\$ 3,631,700	\$ (14,325,952)	\$ 7,825,317	\$ (6,500,635)
General revenues:							
Taxes					\$ 3,120,960	\$ -	\$ 3,120,960
Fines / forfeitures					52,172	-	52,172
Licenses & permits					2,750,967	-	2,750,967
Federal aid					2,070,080	-	2,070,080
State aid					330,266	-	330,266
County aid					740,000	-	740,000
Investment earnings (loss)					53,551	189,307	242,858
Other					344,883	(13,536)	331,347
Lease income					-	869,635	869,635
Miscellaneous income					-	-	-
Insurance recovery					59,206	57,879	117,085
Forgiveness of debt					-	1,200,000	1,200,000
Unreimbursed lease revenue					240,000	(240,000)	-
Transfers					4,389,048	(4,389,048)	-
Total general revenues and transfers					\$ 14,151,133	\$ (2,325,763)	\$ 11,825,370
Change in net position					\$ (174,819)	\$ 5,499,554	\$ 5,324,735
Net position - beginning of year, as originally reported					\$ 6,841,400	\$ 36,619,399	\$ 43,460,799
Prior period adjustment						(30,779)	102,647
Correction of an error							
Net position - beginning of year, as restated					\$ 6,974,826	\$ 36,588,620	\$ 43,563,446
Net position - end of year					\$ 6,800,007	\$ 42,088,174	\$ 48,888,181

See Notes to Financial Statements

City of Seneca
Balance Sheet - Governmental Funds
June 30, 2020

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Assets			
Cash	\$ 953,931	\$ 194,393	\$ 1,148,324
Investments	101,660	-	101,660
Receivables (net of allowances)			
Property taxes	82,714	-	82,714
Accounts	610,712	186,704	797,416
Health Care	380,406	-	380,406
Prepaid expenses	30,934	-	30,934
Restricted cash	38,549	-	38,549
Due from other funds	50,000	-	50,000
Due from other governments	92,138	-	92,138
Inventory	16,881	-	16,881
Total assets	\$ 2,357,925	\$ 381,097	\$ 2,739,022
Liabilities			
Accounts payable	\$ 251,161	\$ 116,803	\$ 367,964
Accrued expenses	375,185	-	375,185
Due to other funds	11,958	242,706	254,664
Unearned revenue	102,287	-	102,287
Total liabilities	\$ 740,591	\$ 359,509	\$ 1,100,100
Fund balances			
<i>Nonspendable:</i>			
Inventory	\$ 16,881	\$ -	\$ 16,881
Prepaid expenses	30,934	-	30,934
Unassigned	1,569,519	21,588	1,591,107
Total fund balances	\$ 1,617,334	\$ 21,588	\$ 1,638,922
Total liabilities, deferred outflows and inflows of resources and fund balances	\$ 2,357,925	\$ 381,097	

See Notes to Financial Statements

City of Seneca
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,638,922

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

Some property taxes receivable are not available to pay for current period expenditures and are deferred in the funds 68,564

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$38,940,560 and the accumulated depreciation is \$22,256,555. 16,684,005

The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (9,686,343)

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

Capital leases	(1,349,861)
Compensated absences	(555,280)
	\$ (1,905,141)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,800,007

City of Seneca
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Revenues			
Taxes	\$ 2,375,161	\$ 756,513	\$ 3,131,674
Licenses and permits	2,750,967	-	2,750,967
Federal aid	-	2,070,080	2,070,080
State aid	240,677	89,589	330,266
County aid	680,000	60,000	740,000
Charges for services	1,106,608	-	1,106,608
Fines and forfeitures	52,172	-	52,172
Investment earnings (loss)	53,551	-	53,551
Other revenues	53,813	62,601	116,414
Total revenues	\$ 7,312,949	\$ 3,038,783	\$ 10,351,732
Expenditures			
Current operating			
General government	\$ 2,642,863	\$ -	\$ 2,642,863
Public safety	5,592,602	-	5,592,602
Public works	1,784,005	-	1,784,005
Project administration	-	839,329	839,329
Culture and recreation	1,184,938	732,124	1,917,062
Museums	281,412	-	281,412
Capital outlay			
General government	99,546	-	99,546
Public safety	462,293	-	462,293
Public works	370,093	-	370,093
Culture and recreation	129,100	-	129,100
Museums	47,970	-	47,970
Special revenue funds	-	2,119,095	2,119,095
Intergovernmental grants	-	5,000	5,000
Other expenditures	-	22,172	22,172
Total expenditures	\$ 12,594,822	\$ 3,717,720	\$ 16,312,542
Excess (deficiency) of revenues over (under) expenditures	\$ (5,281,873)	\$ (678,937)	\$ (5,960,810)
Other financing sources			
Contributions & donations	\$ 850	\$ -	\$ 850
Forgiven lease	-	240,000	240,000
Interfund transfers, net	4,129,517	259,531	4,389,048
Insurance recovery	59,206	-	59,206
Receivable write off	-	(47,459)	(47,459)
Proceeds from capital lease	729,696	-	729,696
Miscellaneous income	228,469	-	228,469
Total other financing sources	\$ 5,147,738	\$ 452,072	\$ 5,599,810
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ (134,135)	\$ (226,865)	\$ (361,000)
Fund balances, beginning as originally reported	1,562,689	248,453	1,811,142
Prior period adjustment			
Correction of an error	188,779	-	188,779
Fund balances, beginning as restated	\$ 1,751,468	\$ 248,453	\$ 1,999,921
Fund balances, ending	\$ 1,617,334	\$ 21,588	\$ 1,638,922

See Notes to Financial Statements

City of Seneca
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (361,000)
Changes in the City's proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	(257,232)
Revenues in the Statement of Activities that do not provide current financial resources are not reposted as revenues in the funds.	(10,713)
Governmental funds report capital outlays as expenditures...however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the change in capital assets exceeded the change in accumulated depreciation.	945,770
Change in capital assets	\$ 2,828,674
Depreciation	<u>(1,882,904)</u>
Changes in compensated absences are accrued in salary expense of the various departments, the change is reflected in the liability section of the government-wide statement of net position.	(15,987)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(729,696)
Repayment of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.	254,039
Change in net position of governmental activities	<u>\$ (174,819)</u>

See Notes to Financial Statements

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2020

Revenues	Original & Final Budget	Actual	Budget Variance
Property taxes			
Real property	\$ 1,950,000	\$ 2,006,137	\$ 56,137
Vehicles	205,000	218,439	13,439
Other	140,000	150,585	10,585
Total property taxes	\$ 2,295,000	\$ 2,375,161	\$ 80,161
Licenses and permits			
Business licenses	\$ 2,100,000	\$ 2,383,701	\$ 283,701
Franchise fees	84,000	83,782	(218)
Building permits	51,500	91,692	40,192
Miscellaneous permits	22,000	34,698	12,698
Natural gas authority	135,000	157,094	22,094
Total licenses and permits	\$ 2,392,500	\$ 2,750,967	\$ 358,467
Intergovernmental			
County revenue sharing	\$ 650,000	\$ 680,000	\$ 30,000
State government shared revenue	183,809	213,944	30,135
SC housing authority	15,000	23,656	8,656
State grants / SCMIT	2,000	3,077	1,077
Total intergovernmental	\$ 850,809	\$ 920,677	\$ 69,868

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2020

Revenues	Original & Final Budget	Actual	Budget Variance
Charges for services			
Garbage fees	\$ 1,096,000	\$ 1,106,608	\$ 10,608
Fines and forfeitures			
Municipal court fines	\$ 80,000	\$ 44,477	\$ (35,523)
Victims assistance fines	18,000	7,695	(10,305)
Total fines and forfeitures	\$ 98,000	\$ 52,172	\$ (45,828)
Investment earnings (loss)	\$ -	\$ 53,551	\$ 53,551
Other			
Recreation fees / sports	\$ 55,500	\$ 41,553	\$ (13,947)
Miscellaneous	25,000	12,260	(12,740)
Total other	\$ 80,500	\$ 53,813	\$ (26,687)
Total revenues	\$ 6,812,809	\$ 7,312,949	\$ 500,140

continued

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Expenditures			
Current operating			
General government			
Municipal judge	\$ 244,685	\$ 234,483	\$ 10,202
Mayor and council	208,548	178,222	30,326
Finance / administration	1,833,934	1,872,315	(38,381)
Planning and development	419,565	357,843	61,722
Total general government	<u>\$ 2,706,732</u>	<u>\$ 2,642,863</u>	<u>\$ 63,869</u>
Public safety			
Police department	\$ 3,266,007	\$ 3,484,628	\$ (218,621)
Fire department	2,033,285	2,107,974	(74,689)
Total public safety	<u>\$ 5,299,292</u>	<u>\$ 5,592,602</u>	<u>\$ (293,310)</u>
Public works			
Street department	\$ 907,427	\$ 878,387	\$ 29,040
Sanitation department	548,899	537,333	11,566
Motor pool	368,677	368,285	392
Total public works	<u>\$ 1,825,003</u>	<u>\$ 1,784,005</u>	<u>\$ 40,998</u>
Culture & recreation			
Museums	\$ 1,148,363	\$ 1,184,938	\$ (36,575)
	<u>\$ 307,112</u>	<u>\$ 281,412</u>	<u>\$ 25,700</u>

continued

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2020

Expenditures	Original & Final Budget	Actual	Budget Variance
<i>continued</i>			
Capital outlay			
General government	\$ 20,000	\$ 99,546	\$ (79,546)
Public safety	257,499	462,293	(204,794)
Public works	27,000	370,093	(343,093)
Culture / recreation	144,000	129,100	14,900
Museums	30,096	47,970	(17,874)
Total capital outlay	\$ 478,595	\$ 1,109,001	\$ (630,406)
Total expenditures	\$ 11,765,097	\$ 12,594,821	\$ (829,724)
Excess (deficiency) of revenues over (under) expenditures	\$ (4,952,288)	\$ (5,281,872)	\$ (329,584)
Other financing sources			
Contributions & donations	-	850	850
Interfund transfers, net	4,952,288	4,129,517	(822,771)
Insurance recovery	-	59,206	59,206
Proceeds from capital lease	-	729,696	729,696
Miscellaneous income	-	228,469	228,469
Total other financing sources	\$ 4,952,288	\$ 5,147,738	\$ 195,450
Excess (deficiency) of revenues over (under) expenditures and other financing sources	\$ -	\$ (134,134)	\$ (134,134)
Fund balances, beginning as originally reported	1,562,689	1,562,689	-
Prior period adjustment			
Correction of an error	-	188,779	188,779
Fund balances, beginning as restated	\$ 1,562,689	\$ 1,751,468	\$ 188,779
Fund balances, ending	\$ 1,562,689	\$ 1,617,334	\$ 54,645

City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 6,725,441	\$ 1,446,805	\$ 204,901	\$ 8,377,147
Restricted cash	1,470,698	1,501,657	1,015,415	3,987,770
Investments	112,703	-	-	112,703
Receivables:				
Accounts receivable	4,197,143	-	-	4,197,143
Other receivables	7,966	146,781	-	154,747
Health care	120,622	-	-	120,622
Prepaid expenses	12,983	-	-	12,983
Due from other funds	567,332	11,958	-	579,290
Inventory	1,397,152	-	-	1,397,152
Total current assets	\$ 14,612,040	\$ 3,107,201	\$ 1,220,316	\$ 18,939,557
Noncurrent assets				
Capital assets held for resale	\$ -	\$ -	\$ 1,761,920	\$ 1,761,920
Land	1,030,988	240,588	-	1,271,576
Buildings	15,320,907	2,223,202	-	17,544,109
Improvements	68,974,953	3,102,870	-	72,077,823
Equipment	7,060,029	6,000	-	7,066,029
Vehicles	4,345,021	-	-	4,345,021
Construction in progress	10,514,789	997,158	-	11,511,947
Less, accumulated depreciation	(46,409,593)	(941,053)	-	(47,350,646)
Total noncurrent assets	\$ 60,837,094	\$ 5,628,765	\$ 1,761,920	\$ 68,227,779
Total assets	\$ 75,449,134	\$ 8,735,966	\$ 2,982,236	\$ 87,167,336
Deferred outflow of resources				
Deferred bond gain, net	\$ 331,878	\$ -	\$ -	\$ 331,878
Deferred pension charges	1,016,729	-	-	1,016,729
Total deferred outflow of resources	\$ 1,348,607	\$ -	\$ -	\$ 1,348,607

continued

**City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2020**

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,390,548	\$ 57,616	\$ -	\$ 1,448,164
Accrued expenses	1,137,781	-	-	1,137,781
Compensated absences	379,539	-	-	379,539
Capital lease payable, current	208,684	-	-	208,684
State revolving fund loan, current	890,053	-	-	890,053
Bonds payable, current	1,235,000	285,000	-	1,520,000
Customer deposits	1,010,399	-	-	1,010,399
Deferred revenue	1,860,470	25,812	-	1,886,282
Due to other funds	-	369,626	5,000	374,626
Total current liabilities	\$ 8,112,474	\$ 738,054	\$ 5,000	\$ 8,855,528
Long-term liabilities				
Capital lease payable	\$ 1,170,382	\$ -	\$ -	\$ 1,170,382
State revolving fund loans	14,548,962	-	-	14,548,962
Bonds payable	7,270,000	4,715,000	-	11,985,000
Line of credit	-	-	900,000	900,000
Net pension liability	8,805,683	-	-	8,805,683
Total long-term liabilities	\$ 31,795,027	\$ 4,715,000	\$ 900,000	\$ 37,410,027
Total liabilities	\$ 39,907,501	\$ 5,453,054	\$ 905,000	\$ 46,265,555
Deferred inflow of resources				
Deferred pension credits	\$ 162,214	\$ -	\$ -	\$ 162,214
Net position				
Invested in capital assets, net of related debt	\$ 35,845,891	\$ 628,765	\$ -	\$ 36,474,656
Restricted for:				
Debt service	1,470,698	1,501,657	-	2,972,355
Other	-	1,152,490	2,077,236	3,229,726
Unrestricted	(588,563)	-	-	(588,563)
Total net position	\$ 36,728,026	\$ 3,282,912	\$ 2,077,236	\$ 42,088,174

See Notes to Financial Statements

City of Seneca
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Light & Water Fund</u>	<u>Seneca Facilities Corp Fund</u>	<u>Seneca Improvements Corp Fund</u>	<u>Total</u>
Operating revenues				
Charges for services				
Electric	\$ 17,832,998	\$ -	\$ -	\$ 17,832,998
Water	8,308,740	-	-	8,308,740
Sewer	3,929,052	-	-	3,929,052
Lease Income	-	869,635	-	869,635
Grant revenue	667,000	-	-	667,000
Other	197,355	96,528	4,489	298,372
Total operating revenues	\$ 30,935,145	\$ 966,163	\$ 4,489	\$ 31,905,797
Operating expenses				
Light & Water administration	\$ 2,299,329	\$ -	\$ -	\$ 2,299,329
I & I department	133,328	-	-	133,328
Billing department	929,793	-	-	929,793
Engineering department	879,353	-	-	879,353
Electrical department	2,932,776	-	-	2,932,776
Water department	1,641,372	-	-	1,641,372
Sewer department	2,670,414	-	-	2,670,414
Water plant	1,800,183	-	-	1,800,183
Electrical generation / purchase	8,308,844	-	-	8,308,844
Maintenance	855,792	-	-	855,792
Depreciation	2,256,196	133,552	-	2,389,748
Program expenses	-	-	115,951	115,951
Facilities administration	-	552,353	-	552,353
Tornado related expenses	-	21,404	-	21,404
Total operating expenses	\$ 24,707,380	\$ 707,309	\$ 115,951	\$ 25,530,640
Operating income (loss)	\$ 6,227,765	\$ 258,854	\$ (111,462)	\$ 6,375,157
Non-operating revenues (expenses)				
Investment income (loss)	\$ 182,396	\$ 3,148	\$ 3,763	\$ 189,307
Interest expense	(551,823)	(92,232)	-	(644,055)
Sale of fixed assets	(13,536)	-	-	(13,536)
Insurance recovery	57,879	-	-	57,879
Other financing sources (uses)				
Interfund transfers in (out)	\$ (5,440,540)	\$ 485,965	\$ 565,527	\$ (4,389,048)
Forgiveness of debt	-	1,200,000	-	1,200,000
Unreimbursed lease revenue	-	(240,000)	-	(240,000)
Capital contribution	2,963,850	-	-	2,963,850
Change in Net Position	\$ 3,425,991	\$ 1,615,735	\$ 457,828	\$ 5,499,554
Net position, beginning	\$ 33,332,814	\$ 1,667,177	\$ 1,619,408	\$ 36,619,399
Prior period adjustment:				
Correction of an error	(30,779)	-	-	(30,779)
Net position, beginning of year, as restated	\$ 33,302,035	\$ 1,667,177	\$ 1,619,408	\$ 36,588,620
Net position, ending	\$ 36,728,026	\$ 3,282,912	\$ 2,077,236	\$ 42,088,174

See Notes to Financial Statements

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City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 31,322,094	\$ 936,162	\$ 4,489	\$ 32,262,745
Payments to suppliers / goods and services	(15,588,777)	(523,796)	(115,951)	(16,228,524)
Payments to / for employees	(5,922,289)	-	-	(5,922,289)
Net cash provided (used) by operating activities	<u>\$ 9,811,028</u>	<u>\$ 412,366</u>	<u>\$ (111,462)</u>	<u>\$ 10,111,932</u>
Cash flows from non-capital financing activities:				
Interfund transfers, net	\$ (5,440,540)	\$ 485,965	\$ 565,527	\$ (4,389,048)
Total cash flows from non-capital financing activities	<u>\$ (5,440,540)</u>	<u>\$ 485,965</u>	<u>\$ 565,527</u>	<u>\$ (4,389,048)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets, net	\$ (9,680,456)	\$ (634,316)	\$ (1,320,545)	\$ (11,635,317)
Principal paid on capital debt	(2,039,961)	(2,680,000)	-	(4,719,961)
Interest paid on capital debt	(551,823)	(104,191)	-	(656,014)
Capital debt	6,536,644	5,000,000	800,000	12,336,644
Capital contributions	2,963,850	-	-	2,963,850
Total cash flows from capital and related financing activities	<u>\$ (2,771,746)</u>	<u>\$ 1,581,493</u>	<u>\$ (520,545)</u>	<u>\$ (1,710,798)</u>
Cash flows from investing activities:				
Other receivables	\$ -	\$ 77,493	\$ -	\$ 77,493
Withdrawal from investment account	3,866,946	-	-	3,866,946
Interest income	13,220	3,148	3,763	20,131
Total cash flows from investing activities	<u>\$ 3,880,166</u>	<u>\$ 80,641</u>	<u>\$ 3,763</u>	<u>\$ 3,964,570</u>
Net increase (decrease) in cash	\$ 5,478,908	\$ 2,560,465	\$ (62,717)	\$ 7,976,656
Cash, beginning	2,717,731	387,997	1,283,033	4,388,761
Cash, ending	\$ 8,196,639	\$ 2,948,462	\$ 1,220,316	\$ 12,365,417

continued

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Seneca Improvements Corp Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 6,227,765	\$ 258,854	\$ (111,462)	\$ 6,375,157
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,256,196	133,552	-	2,389,748
Changes in assets (increase), decrease:				
Accounts receivable	(493,349)	-	-	(493,349)
Other receivable	10,976	-	-	10,976
Health care fund receivable	(120,622)	-	-	(120,622)
Due from other funds	110,893	-	-	110,893
Prepaid expenses	(948)	-	-	(948)
Inventory	43,352	-	-	43,352
Deferred bond gain	79,650	-	-	79,650
Deferred pension charges	257,317	-	-	257,317
Changes in liabilities increase, (decrease):				
Accounts payable	414,476	50,853	-	465,329
Accrued expenses	(226,869)	-	-	(226,869)
Customer deposits	59,673	(30,000)	-	29,673
Deferred revenue	930,271	-	-	930,271
Compensated absences payable	(2,780)	-	-	(2,780)
Pension liability	243,647	-	-	243,647
Due to other funds	-	(893)	-	(893)
Deferred pension credits	21,380	-	-	21,380
Total adjustments	\$ 3,583,263	\$ 153,512	\$ -	\$ 3,736,775
Net cash provided(used) by operating activities	\$ 9,811,028	\$ 412,366	\$ (111,462)	\$ 10,111,932

City of Seneca
Statement of Fiduciary Net Position
Agency Funds
June 30, 2020

	Firemans Fund	Policeman's Fund	Museum Account	PD Explorer Account	FD Explorer Account
Assets					
Cash / investments	\$ 63,854	\$ 1,362	\$ 1,195	\$ 2,335	\$ 265
Liabilities					
Net position	\$ 63,854	\$ 1,362	\$ 1,195	\$ 2,335	\$ 265

See Notes to Financial Statements

City of Seneca
Statement of Changes in Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2020

	Firemans Fund	Policeman's Fund	Museum Account	PD Explorer Account	FD Explorer Account
Additions					
Contributions	\$ 35,998	\$ 1,235	\$ 1,708	\$ -	\$ -
Investment earnings	101	-	-	-	-
Total additions	\$ 36,099	\$ 1,235	\$ 1,708	\$ -	\$ -
Reductions					
Benefits	26,536	799	513	-	-
Change in net position	\$ 9,563	\$ 436	\$ 1,195	\$ -	\$ -
Net position, beginning	54,291	926	-	2,335	265
Net position, ending	\$ 63,854	\$ 1,362	\$ 1,195	\$ 2,335	\$ 265

See Notes to Financial Statements

City of Seneca
Statement of Fiduciary Net Position
Agency Funds
June 30, 2020

	Tornado Relief Fund	Municipal Court Escrow Account	Narcotics Operating Account	Narcotics Seizure Account	Total Fiduciary Funds
Assets					
Cash / investments	\$ 319,460	\$ 10,456	\$ 9,744	\$ 9,222	\$ 417,893
Liabilities					
Net position	<u>\$ 319,460</u>	<u>\$ 10,456</u>	<u>\$ 9,744</u>	<u>\$ 9,222</u>	<u>\$ 417,893</u>

See Notes to Financial Statements

City of Seneca
Statement of Changes in Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2020

	Tornado Relief Fund	Municipal Court Escrow Account	Narcotics Operating Account	Narcotics Seizure Account	Total Fiduciary Funds
Additions					
Contributions	\$ 647,442	\$ 8,342	\$ -	\$ -	\$ 694,725
Investment earnings	-	-	6	8	115
Total additions	<u>\$ 647,442</u>	<u>\$ 8,342</u>	<u>\$ 6</u>	<u>\$ 8</u>	<u>\$ 694,840</u>
Reductions					
Benefits	327,982	4,164	5,722	-	365,716
Change in net position	\$ 319,460	\$ 4,178	\$ (5,716)	\$ 8	\$ 329,124
Net position, beginning	-	6,278	15,460	9,214	88,769
Net position, ending	<u>\$ 319,460</u>	<u>\$ 10,456</u>	<u>\$ 9,744</u>	<u>\$ 9,222</u>	<u>\$ 417,893</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

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City of Seneca
Notes to Financial Statements
June 30, 2020

1. Summary of significant accounting policies

A. Reporting entity

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

D. Blended component unit

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

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

E. Adoption of accounting standards/change in accounting principle

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

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

Activity Type	Net Pension Liability	Deferred Pension Charges	Deferred Pension Credits
Governmental	\$ 10,697,126	\$ 1,529,794	\$ 519,011
Business	8,805,683	1,016,729	162,214
Total	\$ 19,502,809	\$ 2,546,523	\$ 681,225

F. Prior period adjustment - correction of an error

A prior-period adjustment was made to increase the net position of the general fund by \$133,426. In 2019, the adjustment recorded for capital leases in the general fund was overstated by \$55,353, this amount represents a miscalculation of the present value of minimum lease payments. Also in 2019, the adjustment to record the healthcare fund transfer was understated by \$188,779. This restates the net position of the governmental activities at June 30, 2019 from \$6,841,400 to \$6,974,826 and had no affect on the net position of other funds.

A prior-period adjustment was made to decrease the net position of the Light & Water fund by \$30,799. In 2019, there was \$50,000 of deferred revenue that was not reported on the financial statements but was a liability as of June 30, 2019. Also in 2019 the adjustment to record the healthcare fund transfer was overstated by \$19,221. This restates the net position of the business-type activities as of June 30, 2019 from \$36,619,399 to \$36,588,620 and had no affect on the net position of other funds.

2. Budgetary information

Annual budgets and supplementary budget appropriations are adopted by ordinance by the City Council providing for operations and capital expenditures of the City. The budget is prepared by function and activity within an individual fund. All budgets are required to have two readings before being enacted into law. There were no budgetary amendments during the fiscal year.

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

3. Compensated absences

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

4. Inventories

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

5. Cash and investments

Cash includes demand deposits and sweep accounts. Cash deposits in excess of amounts insured by Federal Deposit Insurance are collateralized by U.S. Government securities held by the counterparty in the counterparty's name. The carrying amount of all fund's deposits at June 30, 2020 is \$13,551,790. The bank balance of the funds at June 30, 2020 is \$14,179,973 of which \$2,183,973 is category 1 (insured by Federal Deposit Insurance), and \$11,996,000 is category 3 (Uncollateralized...collateralized with securities held by the pledging institution not in the City's name).

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

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

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

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

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

The following is a summary by classification of credit risk of significant investments held by the City at June 30, 2020.

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

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

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

Concentration of credit risk – The City's investment policy does not preclude it from investing idle funds in any one type of investment, provided that the investment is authorized by the State of South Carolina. Sound financial management dictates that the City limit its exposure to credit risk and, therefore, the City holds various investment instruments provided by multiple issuers.

Custodial credit risk, deposits – In the case of deposits, there is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$11,996,000 of the City's bank balance of \$14,179,973 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Custodial credit risk, investments – For investments, there is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. Of the investments of \$214,363, the City has no custodial credit risk exposure because investments in the State Investment Pool and US Government Agencies are exempt from risk categorization.

The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits. Investments are recorded at cost or fair value depending on the nature and term of the investment. The following is an analysis of investments held at June 30, 2020:

<u>Investment</u>	<u>Carrying amount</u>	<u>Market value</u>
State Investment Pool	\$ 11,277	\$ 11,277
US Government Agencies	203,086	203,086
	<u>\$ 214,363</u>	<u>\$ 214,363</u>

6. Capital assets

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

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

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

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

Capital asset activity for the current year ended June 30, 2020 was as follows:

Governmental Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,035,039	\$ 292,273	\$ -	\$ 1,327,312
Construction in progress	38,558	92,763	258	131,063
Total not depreciated	\$ 1,073,597	\$ 385,036	\$ 258	\$ 1,458,375
Capital assets, depreciated				
Buildings	\$ 8,955,912	\$ -	\$ -	\$ 8,955,912
Improvements	13,979,117	-	-	13,979,117
Equipment	2,492,473	1,814,642	-	4,307,115
Vehicles	9,628,329	629,255	17,543	10,240,041
Total depreciated	\$ 35,055,831	\$ 2,443,897	\$ 17,543	\$ 37,482,185
Less accumulated depreciation for:				
	Beginning	Increases	Decreases	Ending
Buildings	\$ 4,487,718	\$ 223,272	\$ -	\$ 4,710,990
Improvements	7,768,674	707,106	-	8,475,780
Equipment	1,520,506	300,885	-	1,821,391
Vehicles	6,614,296	651,641	17,543	7,248,394
Total depreciation	\$ 20,391,194	\$ 1,882,904	\$ 17,543	\$ 22,256,555
Total depreciable assets, net	\$ 14,664,637	\$ 560,993	\$ -	\$ 15,225,630
Total governmental activities capital assets, net	\$ 15,738,234	\$ 946,029	\$ 258	\$ 16,684,005

Business-Type Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	\$ 1,271,576	\$ -	\$ -	\$ 1,271,576
Construction in progress	4,063,271	8,856,598	1,407,922	11,511,947
Total not depreciated	\$ 5,334,847	\$ 4,919,038	\$ 1,407,922	\$ 12,783,523
Capital assets, depreciated				
Buildings	\$ 17,917,678	\$ 1,136,151	\$ 1,509,720	\$ 17,544,109
Improvements	70,209,578	1,896,004	27,757	72,077,825
Equipment	7,038,987	27,042	-	7,066,029
Vehicles	3,470,114	903,001	28,094	4,345,021
Total depreciated	\$ 98,636,357	\$ 3,962,198	\$ 1,565,571	\$ 101,032,984
Less accumulated depreciation for:	Beginning	Increases	Decreases	Ending
Buildings	\$ 1,459,367	\$ 438,603	\$ -	\$ 1,897,970
Improvements	34,727,814	1,533,055	-	36,260,868
Equipment	5,877,513	230,934	-	6,108,447
Vehicles	2,910,721	187,156	14,515	3,083,361
Total depreciation	\$ 44,975,415	\$ 2,389,748	\$ 14,515	\$ 47,350,648
Total depreciable assets, net	\$ 53,660,942	\$ 1,572,450	\$ 1,551,056	\$ 53,682,336
Total business-type activities capital assets, net	\$ 58,995,789	\$ 10,429,048	\$ 2,958,978	\$ 66,465,859

Depreciation expense of the primary government as follows:

Governmental activities	
General government	\$ 831,960
Public safety	237,580
Public works	632,051
Culture & recreation	181,313
Total depreciation expense – governmental activities	\$ 1,882,904
Business-type activities	
Electric	\$ 403,298
Water	1,102,100
Sewer	305,028
Administration	579,322
Total depreciation expense – business-type activities	\$ 2,389,748

7. Property taxes

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

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

Taxes receivable in the general fund at June 30, 2020 represent uncollected tax levies less allowance for doubtful accounts as follows:

	<u>Receivable</u>	<u>Allowance</u>
General fund	\$ 85,272	\$ 2,558

8. Receivables

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

Receivable	<u>General</u>	<u>Business Activity</u>	<u>Nonmajor</u>	<u>Total</u>
Taxes	\$ 85,272	\$ -	\$ -	\$ 85,272
Accounts	991,118	4,317,765	186,704	5,495,587
Intergovernmental	50,000	579,290	-	629,590
Other	92,138	154,747	-	246,885
Gross receivables	<u>\$ 1,218,528</u>	<u>\$ 5,051,802</u>	<u>\$ 186,704</u>	<u>\$ 6,457,334</u>
Less allowance	2,558	-	-	2,558
Net receivables	<u>\$ 1,215,970</u>	<u>\$ 5,051,802</u>	<u>\$ 186,704</u>	<u>\$ 6,454,476</u>

9. Deferred outflows/inflows of resources

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

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

10. Interfund transactions

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

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

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

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

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>	<u>Transfers - net</u>
General fund	\$ 5,285,132	\$ 1,155,615	\$ 4,129,517
Light & water fund	-	5,440,540	(5,440,540)
Seneca improvements	565,527	-	565,527
Seneca facilities	535,965	50,000	485,965
Nonmajor governmental funds	504,446	244,915	259,531
Total transfers	\$ 6,891,070	\$ 6,891,070	\$ -

As of June 30, 2020, interfund receivables and payables that resulted from interfund transactions were as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 50,000	\$ 11,958
Light & water fund	567,332	-
Seneca facilities corp fund	11,958	369,626
Seneca improvements corp	-	5,000
Nonmajor governmental funds	-	242,706
Totals	\$ 629,290	\$ 629,290

11. Long-term obligations

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

Revenue Bonds

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds (gross) outstanding at June 30, 2020 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2012 Combined Utility System	2.28%	\$ 4,250,000	\$ 810,000
2013 Combined Utility System	2.73%	4,255,000	425,000
2019 New Market Tax Credit Refinance	2.87%	5,000,000	285,000
Total		\$ 13,505,000	\$ 1,520,000

Advance Refunding

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

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

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
08/01/20	\$ 810,000	2.28	\$ 48,450	\$ 858,450	\$ 906,900
02/01/21			39,216	39,216	
08/01/21	830,000	2.28	39,216	869,216	908,432
02/01/22			29,754	29,754	
08/01/22	850,000	2.28	29,754	879,754	909,508
02/01/23			20,064	20,064	
08/01/23	870,000	2.28	20,064	890,064	910,128
02/01/24			10,146	10,146	
08/01/24	890,000	2.28	10,146	900,146	910,292
Totals	<u>\$ 4,250,000</u>		<u>\$ 246,810</u>	<u>\$ 4,496,810</u>	

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

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
08/01/20	\$ 425,000	2.73	\$ 58,081	\$ 483,081	\$ 541,162
02/01/21			52,280	52,280	
08/01/21	435,000	2.73	52,280	487,280	539,560
02/01/22			46,342	46,342	
08/01/22	445,000	2.73	46,342	491,342	537,684
02/01/23			40,267	40,267	
08/01/23	460,000	2.73	40,267	500,267	540,534
02/01/24			33,989	33,989	
08/01/24	470,000	2.73	33,989	503,989	537,978
02/01/25			27,573	27,573	
08/01/25	485,000	2.73	27,573	512,573	540,146
02/01/26			20,953	20,953	
08/01/26	500,000	2.73	20,953	520,953	541,906
02/01/27			14,128	14,128	
08/01/27	510,000	2.73	14,128	524,128	538,256
02/01/28			7,166	7,166	
08/01/28	525,000	2.73	7,166	532,166	539,332
Totals	<u>\$ 4,255,000</u>		<u>\$ 543,477</u>	<u>\$ 4,798,477</u>	

On November 21, 2019, Seneca Facilities Corporation issued installment purchase revenue bonds in the amount of \$5,000,000 for the refinancing of the new market tax credit program, a new public works building, repairs at the Seneca Industrial Facility, and the remaining would be fees for the financing package.

The following table provides the 2019 installment purchase revenue bond debt service for future periods.

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
09/01/20	\$ 285,000	2.87	\$ 71,750	\$ 356,750	\$ 396,611
03/01/21			67,660	67,660	
09/01/21	370,000	2.87	67,660	437,660	505,321
03/01/22			62,351	62,351	
09/01/22	380,000	2.87	62,351	442,351	504,702
03/01/23			56,898	56,898	
09/01/23	395,000	2.87	56,898	451,898	508,796
03/01/24			51,230	51,230	
09/01/24	400,000	2.87	51,230	451,230	502,459
03/01/25			45,490	45,490	
09/01/25	415,000	2.87	45,490	460,490	505,979
03/01/26			39,534	39,534	
09/01/26	425,000	2.87	39,534	464,534	504,069
03/01/27			33,436	33,436	
09/01/27	440,000	2.87	33,436	473,436	506,871
03/01/28			27,122	27,122	
09/01/28	455,000	2.87	27,122	482,122	509,243
03/01/29			20,592	20,592	
09/01/29	465,000	2.87	20,592	485,592	506,185
03/01/30			13,920	13,920	
09/01/30	480,000	2.87	13,920	493,920	507,839
03/01/31			7,032	7,032	
09/01/31	490,000	2.87	7,032	497,032	504,063
Totals	<u>\$ 5,000,000</u>		<u>\$ 922,280</u>	<u>\$ 5,922,280</u>	

Loan agreements – Seneca Facilities Corporation

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

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

These loans were effectively refinanced with the issuance of the 2019 installment purchase revenue bond. See note above.

2007 State Revolving Fund Loan

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

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt svc</u>	<u>Calendar yr debt svc</u>
2021	\$ 104,989	\$ 20,993	\$ 125,982	\$ 125,982
2022	107,372	18,610	125,982	125,982
2023	109,808	16,174	125,982	125,982
2024	112,299	13,683	125,982	125,982
2025	114,848	11,134	125,982	125,982
2026	117,454	8,528	125,982	125,982
2027	120,119	5,863	125,982	125,982
2028	122,844	3,138	125,982	125,982
2029	62,466	529	62,995	-
Totals	\$ 972,199	\$ 98,652	\$ 1,070,851	

Capital leases

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

Equipment

Governmental activities:

Fire trucks	\$	497,924
Mini excavator		60,300
Wheel loader		93,800
Hook truck		120,005
Fire safety equipment		219,696
Garbage trucks		546,534
Miscellaneous vehicles		152,544

\$ 1,690,803

Business-type activities:

Backhoes/excavator	\$	274,268
Sewer trucks		446,660
Pressure washer		58,300
Work trucks		109,150
Dump truck		109,240
Bucket trucks		593,396
Track loader		51,503

\$ 1,642,517

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020.

<u>Fiscal year ending</u>	<u>Lease payments</u>	
06/30/2021	\$	634,357
06/30/2022		634,357
06/30/2023		405,260
06/30/2024		405,260
06/30/2025		297,726
Thereafter		595,452
Total minimum lease payments	\$	2,972,412
Less interest portion		(212,664)
Present value of future minimum lease payments	\$	<u>2,759,748</u>

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Capital leases	\$ 874,204	\$ 729,696	\$ (254,039)	\$ 1,349,861	\$ 303,474
Business-type activities:					
Revenue bonds payable	\$ 9,710,000	\$ 5,000,000	\$ (1,205,000)	\$ 13,505,000	\$ 1,520,000
Deferred amount on refunding	(411,528)	-	79,650	(331,878)	-
Total bonds payable	\$ 9,298,472	\$ 5,000,000	\$ (1,125,350)	\$ 13,173,122	\$ 1,520,000
NMTC loans	\$ 5,220,000	\$ -	\$ (5,220,000)	\$ -	\$ -
SRF loan	10,717,592	5,346,644	(625,221)	15,439,015	890,053
Total loans	\$ 15,937,592	\$ 5,346,644	\$ (5,845,221)	\$ 15,439,015	\$ 890,053
Capital lease	\$ 429,334	\$ 1,190,000	\$ (209,447)	\$ 1,409,887	\$ 208,684
Business-type activity long-term liabilities	\$ 25,665,398	\$ 11,536,644	\$ (7,180,018)	\$ 30,022,024	\$ 2,679,731

2014 State Revolving Fund Loan

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

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

12. Segment information

The City of Seneca maintains three enterprise funds (light and water, Seneca facilities corp funds and Seneca improvements corp funds). Segment information for the year ended June 30, 2020 is as follows:

	Light & water fund	Seneca facilities corp fund	Seneca improvements corp	Total enterprise funds
Operating revenues	\$ 30,935,145	\$ 966,163	\$ 4,489	\$ 31,905,797
Depreciation	2,256,196	133,552	-	2,389,748
Operating income(loss)	2,290,205	258,854	(111,462)	2,389,748
Change in net position	(511,569)	1,615,735	457,828	1,561,994
Net position	32,790,466	3,282,912	2,077,236	38,150,614

13. Fund balance

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

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

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

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the City Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date.

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

14. Net position

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

15. State Retirement Plans

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

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

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

Plan Description

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

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

Plan Membership

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

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

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

Plan Benefits

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

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

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

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Plan Contributions

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

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

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

	SCRS Rates			PORS Rates		
	2018	2019	2020	2018	2019	2020
Employer Rate:						
Retirement	13.41%	14.41%	15.41%	15.84%	16.84%	17.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Program	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	13.56%	14.56%	15.56%	16.24%	17.24%	18.24%
Employee Rate	9.00%	9.00%	9.00%	9.75%	9.75%	9.75%

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

Year Ended June 30,	SCRS	Contributions	PORS	Contributions
	Required	% Contributed	Required	% Contributed
2020	\$ 1,074,509	100%	\$ 507,590	100%
2019	956,314	100%	462,444	100%
2018	881,435	100%	423,979	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (State) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2020. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2019 (measurement date) to the City were approximately \$88,416.

The City recognized contributions from the State of approximately \$88,416 for the year ended June 30, 2020. These contributions are recognized as intergovernmental revenues and pension expenditures in the City's governmental fund financial statements.

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2020	\$ 6,905,582	\$ 2,782,839	\$ 9,688,421
2019	6,568,093	2,682,391	9,250,484
2018	6,500,262	2,610,710	9,110,972

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study must be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2019, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year, June 30, 2019, using generally accepted accounting principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 2019.

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

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

Assumptions used in the determination of the June 30, 2019, TPL are as follows.

Former job class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General employees and members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC-- Females multiplied by 111%
Public safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.7%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net position liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the funding contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<i>System</i>	<i>1% Decrease (6.25%)</i>	<i>Current Discount Rate (7.25%)</i>	<i>1% Increase (8.25%)</i>
<i>City’s proportionate share of the net pension liability of the SCRS</i>	<i>\$ 17,892,448</i>	<i>\$ 14,202,714</i>	<i>\$ 11,123,418</i>
<i>City’s proportionate share of the net pension liability of the PORS</i>	<i>\$ 7,182,886</i>	<i>\$ 5,300,095</i>	<i>\$ 3,757,614</i>

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

At June 30, 2020, the City reported a liability of \$19,502,809 for its proportionate share of the net pension liabilities for the SCRS plan \$14,202,714 and PORS plan \$5,300,095. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities for the plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2018 that was projected forward to the measurement date. The City’s proportion of the net pension liabilities were based on a projection of the City’s long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2019, the City’s SCRS proportion was 0.062199 percent, which was an decrease of 0.000443 percent from its proportion measured as of June 30, 2018. At June 30, 2019, the City’s PORS proportion was 0.184934 percent, which was an decrease of 0.003681 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense on its government-wide financial statements of \$2,361,675 consisting of \$1,726,634 for SCRS and \$635,040 for the PORS. At June 30, 2020, the City reported deferred outflows or resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 9,763	\$ 102,030
Changes in Assumptions	286,205	-
Net Difference between projected and actual earnings on Pension plan investments	125,741	159,606
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions	143,667	-
City's contributions subsequent to the measurement date	1,074,509	-
Total SCRS	\$ 1,639,885	\$ 261,636
PORS		
Differences between expected and actual experience	\$ 108,981	\$ 39,172
Changes in Assumptions	210,175	-
Net Difference between projected and actual earnings on pension plan investments	67,202	-
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions	12,690	380,417
City's contributions subsequent to the measurement date	507,590	-
Total PORS	\$ 906,638	\$ 419,589
Total SCRS and PORS	\$ 2,546,523	\$ 681,225

The \$1,074,509 and \$507,590 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2020	\$ 452,249	\$ 88,995	541,244
2021	(179,083)	(87,618)	(266,701)
2022	(17,069)	(39,051)	(56,120)
2023	47,643	17,134	64,777
Total	\$ 303,740	\$ (20,540)	283,200

Plans' Fiduciary Net Position

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

Subsequent to the Plan's Measurement Date

In May 2020, due to the global health crisis/pandemic caused by COVID-19 virus, the South Carolina General Assembly included a provision in its continuing resolution for suspending the statutory employer contribution rate increase of 1% for the 2020-2021 fiscal year. This means that the employer rate for the plans during the 2020-2021 fiscal year, as expressed as a percentage of earnable compensation, shall remain at the same rate as imposed for the 2019-2020 fiscal year

16. Restricted assets

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

The bond principal and interest accounts are escrow accounts for current maturities of bond principal and interest. Account balances at June 30, 2020 are as follows:

<i>Debt service (Light & Water)</i>	<i>\$</i>	<i>1,470,698</i>
<i>Debt service (Seneca Facilities Corp)</i>		<i>1,501,657</i>
		<hr/>
<i>Total restricted assets</i>	<i>\$</i>	<i>2,972,355</i>
		<hr/> <hr/>

17. Excess of expenditures over appropriations

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

<u>General fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
<i>Culture & recreation</i>	<i>1,184,938</i>	<i>1,148,363</i>	<i>36,575</i>
<i>Public safety</i>	<i>5,592,602</i>	<i>5,299,292</i>	<i>293,310</i>

18. Public transit

Clemson Area Transit Service

The City began operations of a City-wide public transit service affiliated with the City of Clemson and the Clemson Area Transit (CAT) in 2007. The Clemson Area Transit provides bus service to citizens without charge. Funding for the operations of the transit system was through a grant agreement with the South Carolina Department of Transportation (SCDOT).

In accordance with the grant agreement, funding consisted of the following for fiscal year ending June 30, 2020:

Funding

Federal (FTA)	\$	2,070,080
State (SCDOT)		89,589
Local match		<u>504,446</u>
Total funding	\$	<u><u>2,664,115</u></u>

19. Lease agreement – Seneca Facilities Corporation

Lease terms

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

Facilities management agreement

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

20. Construction commitments

The City has construction commitments totaling \$3,667,015 at June 30, 2020. Costs of \$3,657,015 had been incurred on these contracts as of June 30, 2020.

21. Risk management

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

22. Self-insured health insurance

On July 1, 2010, the City established a self insured comprehensive group health care plan for its employees. A third party administrator has been retained to process and pay health claims incurred by employees and/or their dependents, if they are enrolled in the plan. The plan establishes a “Stop Loss” of \$ 50,000 per person per contract year. Claims that exceed the \$ 50,000 “Stop Loss” threshold are covered under an excess loss insurance policy. At year-end, claims due and payable equal approximately \$ 178,493 based upon claims filed and premiums due. This amount is recorded as a liability and expense within the General Fund and Light & Water Fund. The following indicates claims versus premiums for the past three fiscal years:

<i>Fiscal year ending June 30,</i>	<i>Beginning Liability</i>	<i>Current Year Claims and Changes in Estimate</i>	<i>Claim Payments</i>	<i>Ending Liability</i>
2020	\$ 299,922	\$ 1,040,153	\$ 1,161,582	\$ 178,493
2019	286,740	1,531,311	1,518,128	299,922
2018	181,079	1,050,101	944,440	286,740

23. Subsequent Events

Expenses Incurred as a result of the tornado on April 13, 2020

A tornado came through the City on April 13, 2020 damaging large portions of the City. As a result the City has incurred \$4,018,181 of costs. Of that amount, \$3,937,560 was related to rebuilding the electrical system and the sewer and water systems. These costs were capitalized into construction in progress as of year end as the reconstruction was not yet completed. As this was declared a disaster, the City will be eligible to apply for federal aid to assist in recovering the costs caused by the tornado. The City expects to be reimbursed for at least 90% of the incurred costs. As the application was not submitted as of the end of the fiscal year, no revenue or related receivable was recorded. The City expects to submit all documentation in order to begin to be reimbursed during the fiscal year ending on June 30, 2021.

Ordinance 2020-19: General Obligation Bonds Issuance and Sale

On August 25, 2020, the City Council approved the issuance and sale of a general obligation bond not to exceed \$2,500,000.

Ordinance 2020-05: Combined Utility System Refunding Revenue Bonds

On November 24, 2020, the City Council approved the issuance and sale of a combined utility system refunding revenue bonds not to exceed \$4,500,000.

24. COVID-19 Pandemic Impacts

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, and in March 2020, classified the outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the outbreak continues to evolve as of the date of these financial statements. Management continues to actively monitor the impact from this health crisis on its financial condition, liquidity, operations, workforce and citizens. As local and federal governments recommend or mandate restrictions on business and travel in an effort to curb the pandemic by changing consumer behavior, the City's revenues may be negatively impacted. Such restrictions are currently expected to be temporary; however, there is considerable uncertainty about their duration. Given the daily evolution of the pandemic, the City cannot estimate the duration or gravity of its impact at this time. If the pandemic continues for a long period of time, it may have a material adverse effect on the City's results of operations, net position/fund balance and liquidity for the year ended June 30, 2021.

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

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2020

	Community Development	Hospitality Tax	Accommodations Tax	CAT Operating PT-20N711-06	CARES ACT PT-20N7CA-06	Capital Earmark PT-9N739-01	Total
Assets							
Cash	\$ -	\$ (40,959)	\$ (18,761)	\$ 321,714	\$ (72,585)	\$ 4,984	\$ 194,393
Receivables	-	1,684	26,802	-	138,280	19,938	186,704
Notes / Accounts	-	(39,275)	8,041	321,714	65,695	24,922	381,097
Total assets	\$ -	\$ (39,275)	\$ 8,041	\$ 321,714	\$ 65,695	\$ 24,922	\$ 381,097
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ -	\$ 18,144	\$ 8,041	\$ -	\$ 65,695	\$ 24,922	\$ 116,802
Due to other funds	-	242,707	-	-	-	-	242,707
Total liabilities	\$ -	\$ 260,851	\$ 8,041	\$ -	\$ 65,695	\$ 24,922	\$ 359,509
Fund balances	-	(300,126)	-	321,714	-	-	21,588
Total liabilities and fund balances	\$ -	\$ (39,275)	\$ 8,041	\$ 321,714	\$ 65,695	\$ 24,922	\$ 381,097

See Notes to Financial Statements

City of Seneca
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Fiscal Year Ended June 30, 2020

	Community Development	Hospitality Tax	Accommodations Tax	CAT Operating PT-20N711-06	CARES ACT PT-20N7CA-06	Capital Earmark PT-9N739-01	Total
Revenues							
Taxes	\$ -	\$ 657,606	\$ 98,907	\$ -	\$ -	\$ -	\$ 756,513
Federal aid	-	-	-	344,406	378,850	1,346,824	2,070,080
State aid	-	-	-	89,589	-	-	89,589
County aid	-	-	-	60,000	-	-	60,000
Other revenue	-	62,601	-	-	-	-	62,601
Total revenues	\$ -	\$ 720,207	\$ 98,907	\$ 493,995	\$ 378,850	\$ 1,346,824	\$ 3,038,783
Expenditures							
Current operating	\$ -	\$ 732,124	\$ -	\$ -	\$ -	\$ -	\$ 732,124
Culture and recreation	-	-	-	526,110	313,219	-	839,329
Project Administration	-	292,273	-	-	66,175	1,760,647	2,119,095
Capital outlay	-	5,000	-	-	-	-	5,000
Intergovernmental grants	-	-	22,172	-	-	-	22,172
Other	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ 1,029,397	\$ 22,172	\$ 526,110	\$ 379,394	\$ 1,760,647	\$ 3,717,720
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (309,190)	\$ 76,735	\$ (32,115)	\$ (544)	\$ (413,823)	\$ (678,937)
Other financing sources (uses)							
Forgiven Lease	\$ -	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ 240,000
Receivable Write Off	(47,459)	-	-	-	-	-	(47,459)
Transfers in (out)	-	(168,180)	(76,735)	90,079	544	413,823	259,531
Net change in fund balances	\$ (47,459)	\$ (477,370)	\$ -	\$ 297,964	\$ -	\$ -	\$ (226,865)
Fund balances, beginning	47,459	177,244	-	23,750	-	-	248,453
Fund balances, ending	\$ -	\$ (300,126)	\$ -	\$ 321,714	\$ -	\$ -	\$ 21,588

See Notes to Financial Statements

City of Seneca
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$	\$	\$
Expenditures	\$	\$	\$
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
Other financing use, receivable write off	(47,459)	(47,459)	
Fund balance, beginning	47,459	47,459	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

City of Seneca
"C" Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance
Revenues			
State aid	\$ 500,000	\$ -	\$ (500,000)
Expenditures			
Public works / paving	\$ 500,000	\$ -	\$ 500,000
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -
Other financing sources (uses)			
Transfers out	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

City of Seneca
 Hospitality Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance
Revenues			
Hospitality Tax	\$ 590,000	\$ 591,449	\$ 1,449
Local ATAX	80,000	66,157	(13,843)
Other revenue	40,000	62,601	22,601
Total revenues	\$ 710,000	\$ 720,207	\$ 10,207
Expenditures			
Current operating			
Culture and recreation	\$ 571,500	\$ 732,124	\$ (160,624)
Capital outlay	-	292,273	(292,273)
Intergovernmental grants	20,000	5,000	15,000
Total expenditures	\$ 591,500	\$ 1,029,397	\$ (437,897)
Excess (deficiency) of revenues over (under) expenditures	\$ 118,500	\$ (309,190)	\$ (427,690)
Other financing sources (uses)			
Transfers out	(207,600)	(168,180)	39,420
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ (89,100)	\$ (477,370)	\$ (388,270)
Fund balance, beginning	177,244	177,244	-
Fund balance, ending	\$ 88,144	\$ (300,126)	\$ (388,270)

See Notes to Financial Statements

City of Seneca
Accommodations Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 100,000	\$ 98,907	\$ (1,093)
Expenditures			
Other Tourism	\$ 22,500	\$ 22,172	\$ 328
Excess (deficiency) of revenues over (under) expenditures	\$ 77,500	\$ 76,735	\$ (765)
Other financing sources (uses)			
Transfers out	(77,500)	(76,735)	765
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

See Notes to Financial Statements

City of Seneca
 CAT Operating Grant...PT-20N711-06
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget to Actual
 Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal aid	\$ 618,975	\$ 344,406	\$ (274,569)
State aid	193,284	89,589	(103,695)
County aid	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total revenues	<u>\$ 872,259</u>	<u>\$ 493,995</u>	<u>\$ (378,264)</u>
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ 658,256	\$ 344,406	\$ 313,850
State	171,230	89,589	81,641
Local	116,057	92,115	23,942
Capital outlay			
Local	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total expenditures	<u>\$ 1,005,543</u>	<u>\$ 526,110</u>	<u>\$ 479,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (133,284)</u>	<u>\$ (32,115)</u>	<u>\$ 101,169</u>
Other financing sources			
Forgiven Lease	\$ -	\$ 240,000	\$ 240,000
Transfers in / out	<u>133,284</u>	<u>90,079</u>	<u>(43,205)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 297,964</u>	<u>\$ 297,964</u>
Fund balance, beginning	<u>-</u>	<u>23,750</u>	<u>23,750</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 321,714</u>	<u>\$ 321,714</u>

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2020

OPT Contract #	PT-20N711-06				
Contract period:	July 1, 2019 - June 30, 2020				
Performance Period	Budget	Section 5311	SMTF	Local	Variance
Performance Period	July 2019 - June 2020				
ADMINISTRATION					
Other Salaries & Wages	55,169	23,847	2,982	2,982	25,358
Fringe Benefits	14,615	5,297	661	663	7,994
Professional & Technical Service	273,475	111,742	13,964	13,968	133,801
Materials and Supplies	13,000	502	64	543	11,891
Total Administration	356,259	141,386	17,672	18,158	179,044
OPERATIONS					
Professional & Technical Service	420,175	109,658	54,792	56,363	199,362
Custodial Service	7,000	2,094	1,030	1,275	2,601
Utilities	35,000	12,362	6,234	6,455	9,949
Total Operations	462,175	124,113	62,054	64,093	211,912
CAPITAL					
		265,499	79,726	82,251	
Spare Parts Maintenance items	-	-	-	-	-
Lease	-	-	-	120,000	(120,000)
Preventive Maintenance	174,350	78,907	9,863	9,864	75,716
Miscellaneous Equipment	-	-	-	-	-
Shop Equipment	-	-	-	-	-
Total Capital	174,350	78,907	9,863	129,864	(44,284)
Total Program	992,785	344,406	89,589	212,115	346,675
Approved Budget	992,785				
Federal Costs	344,406				
State Costs	89,589				
Local Costs	212,115				
Budget Balance	346,675				

City of Seneca
Cares Act PT-20N7CA-06
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance
Revenues			
Federal aid	\$ -	\$ 378,850	\$ 378,850
Total revenues	\$ -	\$ 378,850	\$ 378,850
Expenditures			
Current operating			
General government			
Project administration			
Federal	\$ -	\$ 378,850	\$ (378,850)
Local	-	544	(544)
Total expenditures	\$ -	\$ 379,394	\$ (379,394)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (544)	\$ 544
Other financing sources			
Transfers in / out	-	544	(544)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ -	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	-	-

See Notes to Financial Statements

CITY OF SENECA
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2020

OPT Contract #	PT-20N7CA-06				
Contract period:	February 1, 2020 - June 30, 2020				
	Budget	Section 5311	SMTF	Local	Variance
Performance Period	February 2020 - June 2020				

ADMINISTRATION

Other Salaries & Wages	67,432	20,523	-	-	46,909
Fringe Benefits	14,775	4,559	-	-	10,216
Professional & Technical Service	150,000	102,169	-	-	47,831
Materials and Supplies	10,000	408	-	544	9,048
Total Administration	242,207	127,659	-	544	114,004

OPERATIONS

Professional & Technical Service	250,000	161,395	-	-	88,605
Custodial Service	25,000	3,607	-	-	21,393
Utilities	50,000	20,013	-	-	29,987
Total Operations	325,000	185,015	-	-	139,985

CAPITAL

Spare Parts Maintenance items	-	-	-	-	-
Lease	-	-	-	-	-
Preventive Maintenance	80,000	65,916	-	-	14,084
Miscellaneous Equipment	6,789	259	-	-	6,530
Shop Equipment	-	-	-	-	-
Total Capital	86,790	66,175	-	-	20,614

Total Program	653,997	378,850	-	544	274,602
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Approved Budget	653,997
Federal Costs	378,850
State Costs	-
Local Costs	544
Budget Balance	274,602

City of Seneca
Capital Earmark Grant....PT-9N739-01
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Current Year</u>	<u>Prior Periods</u>	<u>Total to Date</u>	<u>Project Authorization</u>	<u>Budget Balance</u>
Revenues					
Federal aid	\$ 1,346,824	\$ 232	\$ 1,347,056	\$ 1,450,000	\$ 102,944
Expenditures					
Capital outlay	\$ 1,760,647	\$ 258	\$ 1,760,905	\$ 1,950,000	\$ 189,095
Total expenditures	\$ 1,760,647	\$ 258	\$ 1,760,905	\$ 1,950,000	\$ 189,095
Excess (deficiency) of revenues over (under) expenditures	\$ (413,823)	\$ (26)	\$ (413,849)	\$ (500,000)	\$ 86,151
Other financing sources					
Transfers in	413,823	26	413,849	500,000	(86,151)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	-				
Fund balance, ending	\$ -	\$ -			

Note:

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

See Notes to Financial Statements

CITY OF SENECA
 SCHEDULE OF BUDGETED TO ACTUAL COSTS
 For the Year Ended June 30, 2020

Performance Period	PT-9N739-01											
	Section 5311					SMTF					Local	Total Program Variance
	Current		Prior Period		Current		Prior Period		Current			
	Jul 19 - Jun 20	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 18 - Jun 19

CAPITAL													
Spare Parts Maintenance items	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-	-	-	-	-
ADA New Buses - 85%	1,600,000	1,168,437	-	-	-	-	389,340	-	-	-	-	-	42,223
Technical Assistance/Contractual	95,000	2,705	232	-	-	-	676	-	-	-	26	-	91,361
Shop Equipment	255,000	175,682	-	-	-	-	23,807	-	-	-	-	-	55,511
Total Capital	1,950,000	1,346,824	232	-	-	-	413,823	-	-	-	26	-	189,095
Total Program	1,950,000	1,346,824	232	-	-	-	413,823	-	-	-	26	-	189,095
Approved Budget	1,950,000												
Federal Costs	1,347,056												
State Costs	-												
Local Costs	413,849												
Budget Balance	189,095												

City of Seneca
Light & Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Electric receipts	\$ 19,270,500	\$ 17,832,998	\$ (1,437,502)
Water receipts	8,322,500	8,308,740	(13,760)
Sewer receipts	3,831,728	3,929,052	97,324
Grant revenue	-	667,000	667,000
Other revenues	200,000	197,355	(2,645)
Total operating revenues	<u>\$ 31,624,728</u>	<u>\$ 30,935,145</u>	<u>\$ (689,583)</u>
Operating expenses			
Light & water administration (505)	\$ 1,773,880	\$ 2,299,329	\$ (525,449)
I & I department (506)	160,704	133,328	27,376
Billing department (507)	890,492	929,793	(39,301)
Engineering department (508)	720,280	879,353	(159,073)
Electrical department (509)	2,337,509	2,932,776	(595,267)
Water department (510)	1,818,287	1,641,372	176,915
Sewer department (511)	2,496,335	2,670,414	(174,079)
Water plant (512)	1,750,174	1,800,183	(50,009)
Electrical generation/purchase (513)	9,485,148	8,308,844	1,176,304
Maintenance (514)	634,842	855,792	(220,950)
Depreciation	1,500,000	2,256,196	(756,196)
Total operating expenses	<u>\$ 23,567,651</u>	<u>\$ 24,707,380</u>	<u>\$ (1,139,729)</u>
Operating income (loss)	<u>\$ 8,057,077</u>	<u>\$ 6,227,765</u>	<u>\$ (1,829,312)</u>
Non-operating transactions			
Investment income (loss)	\$ 4,600	\$ 182,396	\$ 177,796
Interest expense	(530,351)	(551,823)	(21,472)
Proceeds from sale of capital assets	-	(13,536)	(13,536)
Insurance recovery	-	57,879	57,879
Other financing sources (uses)			
Interfund transfers in (out)	\$ (4,564,188)	\$ (5,440,540)	\$ (876,352)
Capital contribution	-	2,963,850	2,963,850
Net income (loss)	<u>\$ 2,967,138</u>	<u>\$ 3,425,991</u>	<u>\$ 458,853</u>
Net position, beginning	<u>\$ 33,332,814</u>	<u>\$ 33,332,814</u>	<u>\$ -</u>
Prior period adjustment:			
Correction of an error	-	(30,779)	(30,779)
Adjusted net position, beginning	<u>-</u>	<u>33,302,035</u>	<u>33,302,035</u>
Net position, ending	<u>\$ 36,299,952</u>	<u>\$ 36,728,026</u>	<u>\$ 428,074</u>

See Notes to Financial Statements

City of Seneca
Seneca Facilities Corp Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Lease income	\$ 974,350	\$ 869,635	\$ (104,715)
Other income	-	96,528	96,528
Total operating revenues	<u>\$ 974,350</u>	<u>\$ 966,163</u>	<u>\$ (8,187)</u>
Operating expenses			
Facilities operations	\$ 399,100	\$ 552,353	\$ (153,253)
Depreciation	130,000	133,552	(3,552)
Tornado related expenses	-	21,404	(21,404)
Total operating expenses	<u>\$ 529,100</u>	<u>\$ 707,309</u>	<u>\$ (178,209)</u>
Operating income (loss)	<u>\$ 445,250</u>	<u>\$ 258,854</u>	<u>\$ (186,396)</u>
Non-operating transactions			
Investment Income	\$ -	\$ 3,148	\$ 3,148
Interest expense	(188,370)	(92,232)	96,138
Other financing sources (uses)			
Principal savings loan payment	\$ (4,779)	\$ -	\$ 4,779
Interfund transfers in (out)	-	485,965	485,965
Forgiveness of debt	-	1,200,000	1,200,000
Unreimbursed lease revenue	-	(240,000)	(240,000)
Net income (loss)	<u>\$ 252,101</u>	<u>\$ 1,615,735</u>	<u>\$ 1,363,634</u>
Net position, beginning	<u>\$ 1,667,177</u>	<u>\$ 1,667,177</u>	<u>\$ -</u>
Net position, ending	<u><u>\$ 1,919,278</u></u>	<u><u>\$ 3,282,912</u></u>	<u><u>\$ 1,363,634</u></u>

See Notes to Financial Statements

City of Seneca
Seneca Improvements Corp Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Charges for services			
Downtown programs	\$ 855,000	\$ -	\$ (855,000)
Other income	-	4,489	4,489
	<u>\$ 855,000</u>	<u>\$ 4,489</u>	<u>\$ (850,511)</u>
Operating expenses			
Program expenses	\$ -	\$ 115,951	\$ (115,951)
	<u>\$ -</u>	<u>\$ 115,951</u>	<u>\$ (115,951)</u>
Operating income (loss)	\$ 855,000	\$ (111,462)	\$ (966,462)
Non-operating transactions			
Investment Income	\$ -	\$ 3,763	\$ 3,763
Other financing sources			
Interfund transfers in	\$ 855,000	\$ 565,527	\$ (289,473)
	<u>\$ 1,710,000</u>	<u>\$ 457,828</u>	<u>\$ (1,252,172)</u>
Net income (loss)	\$ 1,710,000	\$ 457,828	\$ (1,252,172)
Net position, beginning	<u>\$ 1,619,408</u>	<u>\$ 1,619,408</u>	<u>\$ -</u>
Net position, ending	<u>\$ 3,329,408</u>	<u>\$ 2,077,236</u>	<u>\$ (1,252,172)</u>

See Notes to Financial Statements

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**City of Seneca
Capital Assets Used in the Operation
of Governmental Funds
Schedule by Type
June 30, 2020**

Governmental funds capital assets

Land	\$	1,327,312
Buildings		8,955,912
Improvements		13,979,117
Equipment		4,307,115
Vehicles		10,240,041
Construction in progress		131,063
Total	\$	38,940,560
Less, accumulated depreciation		(22,256,555)
Investment in capital assets	\$	16,684,005

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity
June 30, 2020

Function & activity	Land	Buildings	Improvements	Machinery & equipment	Vehicles	Construction in progress	Total
General government							
Municipal judge	-	-	-	\$ 103,656	-	-	\$ 103,656
Finance / administration	173,787	1,843,144	480,639	331,656	55,980	-	2,885,206
Planning & development	37,497	463,271	2,855,773	2,442,426	3,953,909	-	9,752,876
Total general government	\$ 211,284	\$ 2,306,415	\$ 3,336,412	\$ 2,877,738	\$ 4,009,889	\$ -	\$ 12,741,738
Public safety							
Police department	20,000	649,393	672,260	210,818	1,038,828	-	2,591,299
Fire department	16,709	1,430,900	-	425,134	2,358,738	-	4,231,481
Total public safety	\$ 36,709	\$ 2,080,293	\$ 672,260	\$ 635,952	\$ 3,397,566	\$ -	\$ 6,822,760
Public works							
Street department	2,000	50,000	7,898,111	520,874	726,112	-	9,197,097
Sanitation department	1,000	232,460	-	-	1,861,632	-	2,095,092
Motor pool	2,000	-	88,192	60,887	53,070	-	204,149
Total public works	\$ 5,000	\$ 282,460	\$ 7,986,303	\$ 581,761	\$ 2,640,814	\$ -	\$ 11,496,338
Recreation	926,158	4,286,744	859,975	211,664	188,272	131,063	6,603,876
Other	148,161	-	1,124,167	-	3,500	-	1,275,828
Total governmental funds capital assets	\$ 1,327,312	\$ 8,955,912	\$ 13,979,117	\$ 4,307,115	\$ 10,240,041	\$ 131,063	\$ 38,940,560
Less accumulated depreciation							
							\$ (22,256,555)
Net governmental funds capital assets							\$ 16,684,005

See Notes to Financial Statements

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OTHER REQUIRED INFORMATION

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

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 87,954.00	\$ 87,954.00
Court fines and assessments remitted to State Treasurer			\$ (56,631.82)	\$ (56,631.82)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 31,322.18	\$ 31,322.18
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 2,797.00	\$ 2,797.00
Assessments retained			\$ 4,898.00	\$ 4,898.00
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 7,695.00	\$ 7,695.00

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance			
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			\$ -
Victim Service Assessments Retained by City/County Treasurer	\$ 4,898.00		\$ 4,898.00
Victim Service Surcharges Retained by City/County Treasurer	\$ 2,797.00		\$ 2,797.00
Interest Earned			\$ -
Grant Funds Received			
Grant from:			\$ -
General Funds Transferred to Victim Service Fund			\$ -
Contribution Received from Victim Service Contracts:			
(1) Town of			\$ -
(2) Town of			\$ -
(3) City of			\$ -
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 7,695.00	\$ -	\$ 7,695.00
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 7,695.00		\$ 7,695.00
Operating Expenditures			\$ -
Victim Service Contract(s):			
(1) Entity's Name			\$ -
(2) Entity's Name			\$ -
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			\$ -
(2) Rape Crisis Center:			\$ -
(3) Other local direct crime victims service agency:			\$ -
Transferred to General Fund			\$ -
Total Expenditures from Victim Service Fund/Program (B)	\$ 7,695.00	\$ -	\$ 7,695.00
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ -		\$ -
Less: Prior Year Fund Deficit Repayment			\$ -
Carryforward Funds – End of Year	\$ -	\$ -	\$ -

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
City's proportion of the net pension liability	0.062199%	0.062642%	0.063860%	0.060788%	0.059549%	0.062022%
City's proportion of the net pension liability	\$14,202,714	\$14,036,125	\$14,291,720	\$12,984,227	\$11,293,755	\$10,678,132
City's covered-employee payroll	\$6,568,093	\$6,500,262	\$6,406,079	\$5,939,939	\$5,530,013	\$5,630,795
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.23%	215.93%	223.10%	218.59%	204.23%	189.64%
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to schedule:

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

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

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

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

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

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

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

Notes to Schedule:

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

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

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

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

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

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***FEDERAL FINANCIAL ASSISTANCE
SECTION***

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City of Seneca
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor /Program Title	Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation			
Passed Through SC Dept. of Transportation			
Formula Grants for Rural Areas	20.509	PT-9N711-42	\$ 344,406
CARES Act Transit Funding Phase I (Section 5311)	20.509	PT-20N7CA-06	378,850
Total 20.509			723,256
Bus and Bus Facilities Formula Grant	***	PT-9N739-01	1,346,824
Total US Department of Transportation			2,070,080
Total Federal Assistance Expended			\$ 2,070,080

*** Major Programs

Note 1. Basis of Presentation

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Seneca, South Carolina's basic financial statements, and have issued our report thereon dated February 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Stancil Cooley Estep & Stamey LLP

Seneca, South Carolina
February 12, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Seneca, South Carolina's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Seneca, South Carolina's major federal programs for the year ended June 30, 2020. The City of Seneca, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Seneca, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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



Stencil Cooley Estep & Stamey, LLP

Seneca, South Carolina
February 12, 2021

CITY OF SENECA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2020

A. SUMMARY OF AUDIT RESULTS

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

No material weaknesses and no significant deficiencies relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards".

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

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

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

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

The programs tested as major include:

- *Bus and Bus Facilities Formula Grant, Grant #PT-9N739-01-CFDA # 20.509*

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

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

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

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

**CITY OF SENECA
SCHEDULE OF SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2020**

No prior year audit findings.