

City of Travelers Rest, South Carolina
Financial Statements
Year Ended June 30, 2023
(With Independent Auditor's Report Thereon)

City of Travelers Rest, South Carolina
Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Notes to Financial Statements	22 - 51
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	52 - 55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hospitality Tax Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Accommodations Tax Fund	57
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	58
Schedule of Employer Contributions	59
Notes to Required Supplementary Information	60 - 61
Compliance Section - American Rescue Plan Act 2021	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Audit Standards	62 - 63
Independent Accountant's Report	64
Supplementary Information	
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Proprietary Fund	65
Uniform Schedule of Court Fines, Assessments and Surcharges (Per ACT 96)	66
Notes to Supplementary Information	67



HIGHSMITH & HIGHSMITH, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member
South Carolina Association of
Certified Public Accountants

329 S. Main Street
Travelers Rest, South Carolina 29690
(864) 834-3868

Member
American Institute of
Certified Public Accountants

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Travelers Rest
Travelers Rest, South Carolina

Report on the Audit of the Financial Statements

Opinions

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 Travelers Rest, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Travelers Rest, South Carolina's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, schedule of the proportionate share of the net pension

liability and the schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Travelers Rest, South Carolina's basic financial statements. The accompanying Independent Accountant's Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the City of Travelers Rest, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Travelers Rest, South Carolina'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 City of Travelers Rest, South Carolina's internal control over financial reporting and compliance.

DRAFT

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

December 15, 2023

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

As management of the City of Travelers Rest, South Carolina (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2023 by \$13,584,131 (net position).
- At the close of the fiscal year ended June 30, 2023, the City's governmental funds reported combined ending fund balances of \$10,478,966, an increase of \$1,241,185.
- As of June 30, 2023, the General Fund's unrestricted, unassigned fund balance was \$3,473,954, or 49% of total General Fund expenditures.
- The total debt of the City of Travelers Rest increased \$50,032.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The City'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 other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the City's finances in a manner similar to private businesses. The statements provide both short-term and long-term information about the City's financial position. All assets and liabilities of the City are included in the statement of net position.

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

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. All changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing on the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general revenues for support.

The activities of the City are presented in two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided. The governmental activities include the City's basic services including general government, police, fire, public works, administrative, council, legal, judicial, and non-departmental. Taxes, licenses, permits and charges for services generally support these activities. The business-type activities include private sector type activities such as the City's own

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

water and sewer system. These activities are primarily supported by user charges and fees.

Fund Financial Statements

These statements provide more detailed information about the City's most significant funds – not the City as a whole. 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City. Traditional fund financial statements are presented for governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near-term financing requirements. Since governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

Proprietary funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund financial statements are prepared on the same long-term focus as the government-wide financial statements. The proprietary funds provide the same information as the government-wide financial statements, only with more detail.

Notes to the financial statements – The notes to the financial statements provide information that is essential to the full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements.

Other information – Governments have an option of including the budgetary comparison statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes to the financial statements. The City has chosen to present these budgetary statements as part of the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the years ended June 30, 2023 and 2022.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position for the City. The combined total assets of the City's governmental activities and business-type activities exceeded liabilities by \$13,584,131 at the close of the most recent fiscal year.

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

By far, the largest portion of the City's total net position (61%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and vehicles), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current Assets						
Cash and Investments	\$ 4,093,776	\$ 3,933,240	\$ 1,904,352	\$ 1,732,321	\$ 5,998,128	\$ 5,665,561
Receivables and Prepaid Expenses	430,409	438,243	197,118	166,258	627,527	604,501
	<u>4,524,185</u>	<u>4,371,483</u>	<u>2,101,470</u>	<u>1,898,579</u>	<u>6,625,655</u>	<u>6,270,062</u>
Capital Assets, net	13,400,226	12,576,024	1,234,858	1,391,628	14,635,084	13,967,652
Restricted Assets	6,912,014	5,494,363	-	19,799	6,912,014	5,514,162
Total Assets	24,836,425	22,441,870	3,336,328	3,310,006	28,172,753	25,751,876
Deferred Outflows of Resources	1,904,021	1,488,482	6,341	5,046	1,910,362	1,493,528
Liabilities and Net Position						
Current Liabilities	2,123,221	1,590,343	-	35,061	2,123,221	1,625,404
Non-current Liabilities	13,357,541	12,810,428	17,747	110,518	13,375,288	12,920,946
Total Liabilities	15,480,762	14,400,771	17,747	145,579	15,498,509	14,546,350
Deferred Inflows of Resources	996,896	1,281,177	3,579	4,710	1,000,475	1,285,887
Net Position						
Net investment in capital assets	7,002,193	6,478,471	1,234,858	1,276,208	8,237,051	7,754,679
Restricted	6,938,822	5,549,043	-	19,799	6,938,822	5,568,842
Unrestricted	(3,678,227)	(3,779,110)	2,086,485	1,868,756	(1,591,742)	(1,910,354)
Total net position	<u>\$ 10,262,788</u>	<u>\$ 8,248,404</u>	<u>\$ 3,321,343</u>	<u>\$ 3,164,763</u>	<u>\$ 13,584,131</u>	<u>\$ 11,413,167</u>

The net position increased \$2,170,964 in fiscal year 2023. The governmental activities increased \$2,014,384, while the business-type activities increased \$156,580. Net position of the City's governmental activities is \$10,262,788, while the business-type activity is \$3,321,343.

\$6,938,822 of the City's net position represents resources that are subject to restrictions on how they may be used. Restricted net position is \$6,938,822 for governmental activities and \$0 for business-type activities. The remaining balance of *unrestricted net position*, \$(1,591,742) may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position is \$(3,678,227) for governmental activities and \$2,086,485 for business-type activities.

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

Change in Net Position

The following table shows the revenues and expenses of the City for the fiscal year ended June 30, 2023 and 2022.

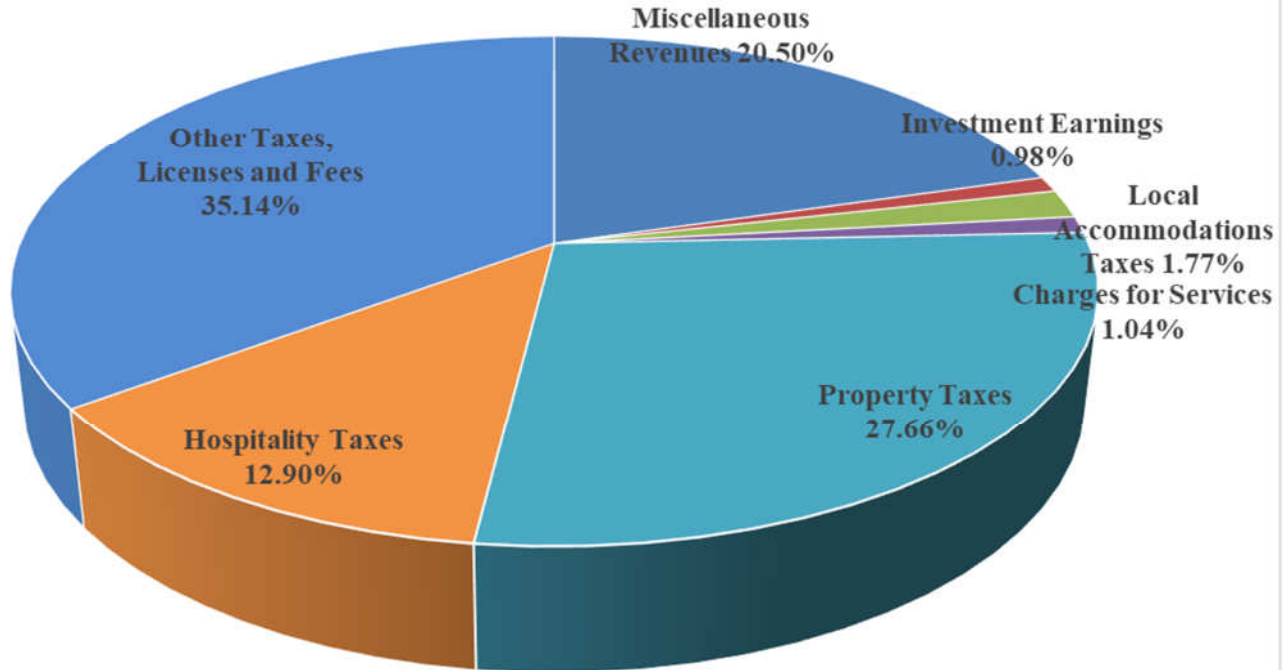
	Condensed Statement of Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenue:						
Program Revenue						
Charges for Services	\$ 99,058	\$ 125,886	\$ 396,997	\$ 741,522	\$ 496,055	\$ 867,408
Investment Earnings	93,320	6,100	8,964	814	102,284	6,914
General Revenue						
Property Taxes, Levied for						
General Purposes	2,625,518	2,733,165	-	-	2,625,518	2,733,165
Accommodation Taxes	168,107	270,764	-	-	168,107	270,764
Hospitality Taxes	1,224,125	1,126,685	-	-	1,224,125	1,126,685
Other Taxes, Licenses and fees	3,335,565	2,937,826	-	-	3,335,565	2,937,826
Other Revenues	<u>1,945,520</u>	<u>1,587,547</u>	<u>-</u>	<u>-</u>	<u>1,945,520</u>	<u>1,587,547</u>
Total Revenue	<u>9,491,213</u>	<u>8,787,973</u>	<u>405,961</u>	<u>742,336</u>	<u>9,897,174</u>	<u>9,530,309</u>
Program Expenses						
General Government	1,289,910	992,446	-	-	1,289,910	992,446
Administrative	627,694	780,709	-	-	627,694	780,709
Mayor Council	62,207	58,962	-	-	62,207	58,962
Legal	5,027	8,026	-	-	5,027	8,026
Municipal Court	155,276	150,483	-	-	155,276	150,483
Police Department	2,706,596	2,371,495	-	-	2,706,596	2,371,495
Fire Department	1,637,366	291,273	-	-	1,637,366	291,273
Public Services	332,671	1,470,026	-	-	332,671	1,470,026
Building Codes	91,067	44,133	-	-	91,067	44,133
Sanitation	292,627	337,159	-	-	292,627	337,159
Interest	276,388	250,500	-	-	276,388	250,500
Sewer System	-	-	249,381	356,482	249,381	356,482
Total Expenses	<u>7,476,829</u>	<u>6,755,212</u>	<u>249,381</u>	<u>356,482</u>	<u>7,726,210</u>	<u>7,111,694</u>
Transfers	<u>-</u>	<u>98,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,000</u>
Change in Net Position	2,014,384	2,130,761	156,580	385,854	2,170,964	2,516,615
Net Position, Beginning	<u>8,248,404</u>	<u>6,117,643</u>	<u>3,164,763</u>	<u>2,778,909</u>	<u>11,413,167</u>	<u>8,896,552</u>
Net Position, Ending	<u>\$ 10,262,788</u>	<u>\$ 8,248,404</u>	<u>\$ 3,321,343</u>	<u>\$ 3,164,763</u>	<u>\$ 13,584,131</u>	<u>\$ 11,413,167</u>

Governmental activities

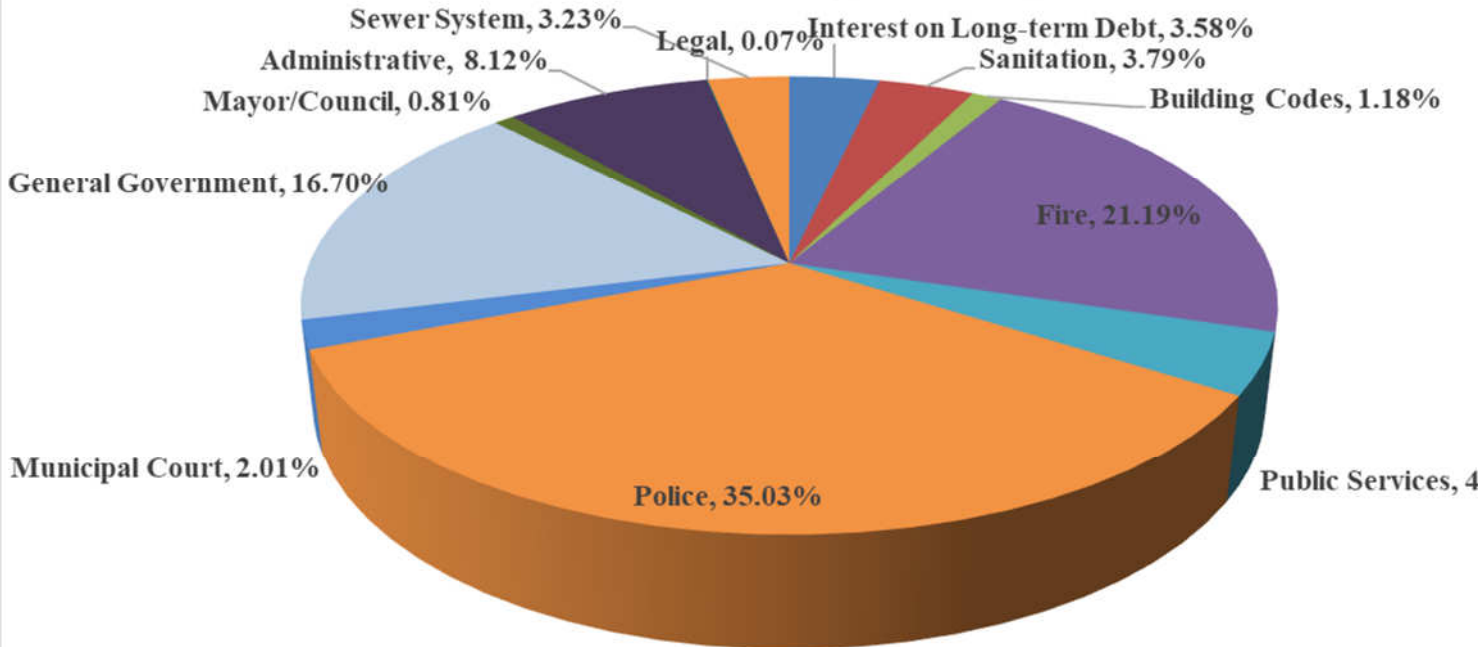
Governmental activities increased the City's net position by \$2,014,384.

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

Sources of Revenue - Governmental Activities



Government-Wide Expenses by Activity



CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously mentioned, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

Governmental funds – The focus of the City'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's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's total governmental funds reported a combined ending fund balance of \$10,478,966 an increase of \$1,241,185 in comparison with the prior year. Restricted fund balance of \$6,900,833 is considered unavailable for appropriation for general operations. These amounts are restricted for recreation and tourism, capital projects, and other purposes.

The General Fund is the chief operating fund of the City and accounts for the major functions of the government including general government, administrative, mayor/council, legal, municipal court, police, public services, fire and sanitation. The fund balance decreased \$267,695 (5%) during the current fiscal year.

Hospitality tax fund balance increased by \$107,391. Local accommodations tax fund balance increased by \$16,542. Capital project fund balance increased by \$1,401,368 as a result of grant income. Fireman's relief fund balance decreased by \$16,421.

Proprietary funds – The City's sewer system fund is the sole proprietary fund. The proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the sewer fund was \$3,321,343, of which \$1,234,858 is invested in capital assets, net of related debt and \$0 is restricted for capital projects. The remaining \$2,086,485 is unrestricted.

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. This statement compares the original adopted budget, the final budget and the actual revenues and expenditures prepared on a budgetary basis. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

The actual general fund revenues were less than budgeted revenues by \$238,614. Expenditures came in \$21,732 over budgeted amounts.

The following table summarized budgeted revenues and expenditures for the general fund for the years ended June 30, 2023 and 2022:

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>		<u>Variance</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Property Taxes	\$ 2,882,561	\$ 2,631,563	\$ 2,625,518	\$ 2,733,165	\$ (257,043)	\$ 101,602
Fee in Lieu	160,000	160,000	160,000	160,000	-	-
Accommodations Tax	115,100	27,000	99,076	120,076	(16,024)	93,076
Manufacturers Tax	45,000	40,000	128,563	112,584	83,563	72,584
Merchants Inventory Tax	19,000	19,000	21,977	18,977	2,977	(23)
Telecommunications Tax	18,500	18,000	12,613	14,201	(5,887)	(3,799)
Business License	537,000	537,000	785,657	609,817	248,657	72,817
Franchise Taxes (Fees)	608,000	608,000	620,574	586,849	12,574	(21,151)
Insurance Fees	775,000	678,000	1,028,191	856,760	253,191	178,760
Building Permits and Inspection Fees	348,000	363,000	351,684	277,994	3,684	(85,006)
Fines and Forfeitures	56,000	50,000	41,700	48,604	(14,300)	(1,396)
Investment Income	3,500	3,400	34,417	2,925	30,917	(475)
School District	28,000	28,000	38,000	-	10,000	(28,000)
Aid to Subdivisions	120,000	120,000	226,306	132,985	106,306	12,985
Public Works Fees	50,500	50,500	42,753	42,145	(7,747)	(8,355)
Other Income	<u>2,419,364</u>	<u>424,690</u>	<u>1,729,882</u>	<u>1,583,012</u>	<u>(689,482)</u>	<u>1,158,322</u>
Total Revenues	<u>8,185,525</u>	<u>5,758,153</u>	<u>7,946,911</u>	<u>7,300,094</u>	<u>(238,614)</u>	<u>1,541,941</u>
Expenditures						
Administrative	686,175	500,747	627,487	522,201	58,688	(21,454)
Mayor/Council	54,447	49,077	55,018	58,962	(571)	(9,885)
Legal	8,000	10,000	5,027	8,026	2,973	1,974
General Government	288,950	275,850	272,425	242,829	16,525	33,021
Municipal Court	181,621	173,261	153,782	151,428	27,839	21,833
Police	2,223,399	2,026,944	2,375,436	2,163,673	(152,037)	(136,729)
Public Works	324,027	309,430	327,640	292,423	(3,613)	17,007
Fire Department	1,474,123	1,371,699	1,481,434	1,381,543	(7,311)	(9,844)
Building Codes	77,000	192,455	91,067	44,133	(14,067)	148,322
Sanitation	305,370	352,750	288,805	332,811	16,565	19,939
Capital Outlays	725,260	341,060	705,108	387,318	20,152	(46,258)
Payments on long-term debt	657,380	630,380	644,255	637,818	13,125	(7,438)
Transfers	<u>1,179,773</u>	<u>(475,500)</u>	<u>1,187,122</u>	<u>(474,968)</u>	<u>(7,349)</u>	<u>(532)</u>
Total Expenditures	<u>8,185,525</u>	<u>5,758,153</u>	<u>8,214,606</u>	<u>5,748,197</u>	<u>(29,081)</u>	<u>9,956</u>
Excess (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(267,695)</u>	\$ <u>1,551,897</u>	\$ <u>(267,695)</u>	\$ <u>1,551,897</u>

The above budget to actual comparisons reflects the non-GAAP budgetary basis of accounting.

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

CAPITAL ASSETS

The City's investment in capital assets net of accumulated depreciation for its government-wide activities as of June 30, 2023, is \$14,635,084. This is an increase of \$667,432 from the June 30, 2022, balance of \$13,967,652. This investment in capital assets includes land, construction in progress, buildings, equipment, improvements, and infrastructure. The major capital asset additions included the purchase of police vehicles and a fire truck.

Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Non-Depreciable Assets:						
Land	\$ 928,518	\$ 928,518	\$ -	\$ -	\$ 928,518	\$ 928,518
Construction in Progress	269,346	167,351	-	-	269,346	167,351
Depreciable Assets:						
Building & Improvements	8,621,082	8,761,763	-	-	8,621,082	8,761,763
Improvements (Downtown Streetscape)	1,392,293	1,126,835	-	-	1,392,293	1,126,835
Sewer System	-	-	1,234,858	1,391,628	1,234,858	1,391,628
Equipment	796,452	272,270	-	-	796,452	272,270
Vehicles	1,180,175	1,038,238	-	-	1,180,175	1,038,238
Furniture and Fixtures	144,904	202,133	-	-	144,904	202,133
Intangibles	67,456	78,916	-	-	67,456	78,916
Total	\$ 13,400,226	\$ 12,576,024	\$ 1,234,858	\$ 1,391,628	\$ 14,635,084	\$ 13,967,652

Additional information on the City's capital assets can be found in the Notes to Financial Statements in Note 5.

DEBT ADMINISTRATION

At year-end the City had total long-term obligations of \$14,523,529. Of this amount, \$131,000 is general obligation debt to be paid from the general operating fund. \$4,544,558 comprises revenue bonds to be repaid from the general fund revenues and local hospitality tax revenues. Net pension liability represents \$4,439,050 of total long-term obligations. Master lease agreements represent \$1,285,955 of long-term obligations. The obligation for future employee compensated absences is estimated at \$394,193.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements in Note 6.

CITY OF TRAVELERS REST, SOUTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the fiscal year 2024 budget, general fund revenues are budgeted to increase which is up from the 2023 budgeted increase of 17%. General fund property taxes make up about 46% of general fund budgeted revenues and are projected to remain about the same for 2024, compared to fiscal year 2023 actual property tax revenues. The local hospitality tax fund and local accommodations tax fund revenues are projected to increase, and the revenues over (under) expenditures is projected to decrease by a combined \$151,000 for fiscal year ending June 30, 2024 due to capital expenditures.

Contacting the City's financial management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator at 125 Trailblazer Drive, Travelers Rest, South Carolina, 29690.

City of Travelers Rest, South Carolina

Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Investments	\$ 4,093,776	\$ 1,904,352	\$ 5,998,128
Property Taxes Receivable, Net of Allowance	77,632	-	77,632
Accounts Receivable	445,716	-	445,716
Prepaid Expenses	104,179	-	104,179
Interfund Balances	(197,118)	197,118	-
Restricted assets:			
Cash and Investments	6,912,014	-	6,912,014
Noncurrent Assets			
Capital Assets not Being Depreciated	1,197,864	-	1,197,864
Capital Assets, Net of Accumulated Depreciation	12,202,362	1,234,858	13,437,220
Total Assets	\$ 24,836,425	\$ 3,336,328	\$ 28,172,753
Deferred Outflows of Resources - Pensions	\$ 1,904,021	6,341	1,910,362
Liabilities			
Accounts Payable and Accrued Expenses	\$ 337,401	\$ -	\$ 337,401
Accounts Payable and Accrued Expenses - Payable from Restricted Assets	619,832	-	619,832
Long-term Liabilities:			
Due Within One Year			
Accrued Compensated Absences	232,574	-	232,574
Bonds Payable	656,778	-	656,778
Loan Payable	276,636	-	276,636
Due in More Than One Year			
Accrued Compensated Absences	161,619	-	161,619
Bonds Payable	7,634,300	-	7,634,300
Loan Payable	1,140,319	-	1,140,319
Net pension liability	4,421,303	17,747	4,439,050
Total Liabilities	\$ 15,480,762	17,747	15,498,509
Deferred Inflows of Resources - Pensions	\$ 996,896	3,579	1,000,475
Net Position			
Invested in Capital Assets, Net of Related Debt	7,002,193	1,234,858	8,237,051
Restricted for:			
Capital Projects	3,424,786	-	3,424,786
Recreation and Tourism	1,810,875	-	1,810,875
Other Purposes	1,665,172	-	1,665,172
Unrestricted	(3,640,238)	2,086,485	(1,553,753)
Total Net Position	\$ 10,262,788	\$ 3,321,343	\$ 13,584,131

City of Travelers Rest, South Carolina

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary Government							
Governmental activities:							
Administrative	\$ (627,694)	\$ -	\$ -	\$ -	\$ (627,694)	\$ -	\$ (627,694)
Mayor/Council	(62,207)	-	-	-	(62,207)	-	(62,207)
Legal	(5,027)	-	-	-	(5,027)	-	(5,027)
General Government	(1,289,910)	57,358	1,414,739	-	182,187	-	182,187
Municipal Court	(155,276)	41,700	-	-	(113,576)	-	(113,576)
Police	(2,706,596)	-	-	-	(2,706,596)	-	(2,706,596)
Public Services	(332,671)	-	-	-	(332,671)	-	(332,671)
Fire	(1,637,366)	-	-	-	(1,637,366)	-	(1,637,366)
Building Codes	(91,067)	-	-	-	(91,067)	-	(91,067)
Sanitation	(292,627)	-	-	-	(292,627)	-	(292,627)
Interest on Long-Term Liabilities	(276,388)	-	-	-	(276,388)	-	(276,388)
Total governmental activities	(7,476,829)	99,058	1,414,739	-	(5,963,032)	-	(5,963,032)
Business-type activities:							
Utility System	(249,381)	396,997	-	-	-	147,616	147,616
Total Primary Government	\$ (7,726,210)	\$ 496,055	\$ 1,414,739	\$ -	(5,963,032)	147,616	(5,815,416)
General revenues and transfers:							
Taxes							
Property Taxes, Levied for General Purpose					2,625,518	-	2,625,518
Accommodations Taxes					223,110	-	223,110
Hospitality Taxes					1,224,125	-	1,224,125
Other Taxes, Licenses, and Fees					3,335,565	-	3,335,565
Unrestricted Investment Earnings					93,320	8,964	102,284
Miscellaneous					475,778	-	475,778
Transfers					-	-	-
Total general revenues, special items, and transfers					7,977,416	8,964	7,986,380
Change in net position					2,014,384	156,580	2,170,964
Net position, beginning					8,248,404	3,164,763	11,413,167
Net position, ending					\$ 10,262,788	\$ 3,321,343	\$ 13,584,131

City of Travelers Rest, South Carolina

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Hospitality Tax Fund	Accommodations Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Investments	\$ 4,093,776	\$ -	\$ -	\$ -	\$ -	\$ 4,093,776
Receivables:						
Property Taxes Receivable, Net of Allowance	77,632	-	-	-	-	77,632
Accounts Receivable	322,328	113,388	-	10,000	-	445,716
Due from other funds	51,040	-	14,591	4,650	-	70,281
Prepaid Expenses	104,179	-	-	-	-	104,179
Restricted Assets:						
Cash and Cash Equivalents	1,634,743	1,374,827	369,320	3,501,495	31,629	6,912,014
Total assets	<u>\$ 6,283,698</u>	<u>\$ 1,488,215</u>	<u>\$ 383,911</u>	<u>\$ 3,516,145</u>	<u>\$ 31,629</u>	<u>\$ 11,703,598</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Accrued Expenses	\$ 242,542	\$ 3,500	\$ -	\$ 91,359	\$ -	\$ 337,401
Inferfund Balances	208,448	57,751	-	-	1,200	267,399
Liabilities Payable from Restricted Assets:						
Accounts Payable and Accrued Expenses	619,832	-	-	-	-	619,832
Total liabilities	<u>1,070,822</u>	<u>61,251</u>	<u>-</u>	<u>91,359</u>	<u>1,200</u>	<u>1,224,632</u>
Fund balances:						
Nonspendable for:						
Prepaid Expenses	104,179	-	-	-	-	104,179
Restricted for:						
Recreation and Tourism	-	1,426,964	383,911	-	-	1,810,875
Capital projects	-	-	-	3,424,786	-	3,424,786
Other Purposes	1,634,743	-	-	-	30,429	1,665,172
Unassigned	3,473,954	-	-	-	-	3,473,954
Total fund balances	<u>5,212,876</u>	<u>1,426,964</u>	<u>383,911</u>	<u>3,424,786</u>	<u>30,429</u>	<u>10,478,966</u>
Total liabilities and fund balances	<u>\$ 6,283,698</u>	<u>\$ 1,488,215</u>	<u>\$ 383,911</u>	<u>\$ 3,516,145</u>	<u>\$ 31,629</u>	<u>\$ 11,703,598</u>

City of Travelers Rest, South Carolina

**Reconciliation of the Governmental Funds - Balance Sheet
to the Statement of Net Position
June 30, 2023**

Total fund balance - Governmental Funds		\$ 10,478,966
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in these funds.</p>		
Costs of capital assets	23,895,049	
Accumulated depreciation	<u>(10,494,823)</u>	13,400,226
<p>Pension related amounts, including the proportionate share of the collective net pension liability, deferred outflows of resources, and deferred inflows of resources, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Pension amounts at year end consist of:</p>		
Aggregate proportionate share of collective pension liability	(4,421,303)	
Deferred outflows of resources related to pensions	1,904,021	
Deferred inflows of resources related to pensions	<u>(996,896)</u>	(3,514,178)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.</p>		
Compensated absences	(394,193)	
Bonds payable	(8,291,078)	
Loan payable	(1,416,955)	<u>(10,102,226)</u>
Total net position of Governmental Activities		\$ <u><u>10,262,788</u></u>

City of Travelers Rest, South Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023

	General Fund	Hospitality Tax Fund	Accommodations Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 2,625,518	\$ -	\$ -	\$ -	\$ -	\$ 2,625,518
Accommodations Tax	99,076	-	124,034	-	-	223,110
Manufacturers Tax	128,563	-	-	-	-	128,563
Merchant's Inventory Tax	21,977	-	-	-	-	21,977
Telecommunications Tax	12,613	-	-	-	-	12,613
Business Licenses	785,657	-	-	-	-	785,657
Fee in Lieu	160,000	-	-	-	-	160,000
Franchise Taxes (Fees)	620,574	-	-	-	-	620,574
Insurance Fees	1,028,191	-	-	-	-	1,028,191
Building Permits and Inspection Fees	351,684	-	-	-	-	351,684
Fines and Forfeitures	41,700	-	-	-	-	41,700
Investment Income	34,417	4,909	5,244	48,533	217	93,320
Rental Income	-	14,605	-	-	-	14,605
Aid to Subdivisions	226,306	-	-	-	-	226,306
Hospitality Tax	-	1,224,125	-	-	-	1,224,125
Public Works Fee	42,753	-	-	-	-	42,753
Grants	1,413,739	-	-	1,000	-	1,414,739
Other Revenues	354,143	2,375	-	93,269	25,991	475,778
Total Revenues	<u>7,946,911</u>	<u>1,246,014</u>	<u>129,278</u>	<u>142,802</u>	<u>26,208</u>	<u>9,491,213</u>
Expenditures						
Current:						
Administrative	627,487	-	-	-	-	627,487
Mayor/Council	55,018	-	-	-	-	55,018
Legal	5,027	-	-	-	-	5,027
General Government	272,425	283,995	35,236	99,999	-	691,655
Municipal Court	153,782	-	-	-	-	153,782
Police	2,375,436	-	-	-	-	2,375,436
Public Services	327,640	-	-	-	-	327,640
Fire	1,481,434	-	-	-	29,972	1,511,406
Building Codes	91,067	-	-	-	-	91,067
Sanitation	288,805	-	-	-	-	288,805
Capital outlay	705,108	-	-	1,106,032	12,657	1,823,797
Debt service						
Principal	499,999	397,496	-	-	-	897,495
Interest	144,256	132,132	-	-	-	276,388
Total expenditures	<u>7,027,484</u>	<u>813,623</u>	<u>35,236</u>	<u>1,206,031</u>	<u>42,629</u>	<u>9,125,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>919,427</u>	<u>432,391</u>	<u>94,042</u>	<u>(1,063,229)</u>	<u>(16,421)</u>	<u>366,210</u>
Other Financing Sources (Uses)						
Transfers from (to) other funds	(2,062,097)	(325,000)	(77,500)	2,464,597	-	-
Loan and General Obligation Bond Proceeds	874,975	-	-	-	-	874,975
Total other financing sources (uses)	<u>(1,187,122)</u>	<u>(325,000)</u>	<u>(77,500)</u>	<u>2,464,597</u>	<u>-</u>	<u>874,975</u>
Net change in fund balance	(267,695)	107,391	16,542	1,401,368	(16,421)	1,241,185
Fund balance, beginning of year	5,480,571	1,319,573	367,369	2,023,418	46,850	9,237,781
Fund balance, end of year	<u>\$ 5,212,876</u>	<u>\$ 1,426,964</u>	<u>\$ 383,911</u>	<u>\$ 3,424,786</u>	<u>\$ 30,429</u>	<u>\$ 10,478,966</u>

City of Travelers Rest, South Carolina

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2023**

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

Net change in fund balances-total governmental funds	\$ 1,241,185
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 capital outlay exceeded depreciation in the current period.	824,202
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(72,553)
Bonds Payable	764,136
Loan payable	133,359
Net revenues and expenses in the statement of activities that do not provide or use current financial resources are not reported in these funds.	<u>(875,945)</u>
Change in net position of governmental activities	\$ <u><u>2,014,384</u></u>

City of Travelers Rest, South Carolina

**Statement of Net Position
Proprietary Fund
June 30, 2023**

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,904,352
Interfund Balances	197,118
Total Current Assets	<u>2,101,470</u>

Non-Current Assets

Capital Assets, Less Accumulated Depreciation	1,234,858
Total Noncurrent Assets	<u>1,234,858</u>

Total Assets	<u>\$ 3,336,328</u>
---------------------	---------------------

Deferred Outflows of Resources - Pensions	6,341
--	-------

Liabilities

Non-Current Liabilities

Net Pension Liability	17,747
Total Non-Current Liabilities	<u>17,747</u>
Total Liabilities	<u>17,747</u>

Deferred Inflows of Resources - Pensions	3,579
---	-------

Net Position

Invested in Capital Assets, Net of Related Debt	1,234,858
Unrestricted	2,086,485
Total net position	<u>3,321,343</u>

City of Travelers Rest, South Carolina

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2023**

Operating Revenues

Charges for Services			
Sewer Service Collection Fees	\$	263,997	
Sewer Tap Fees		25,800	
Sewer Impact Fees		107,200	
Total Operating Revenues		396,997	

Operating Expenses

Maintenance and Repairs			
Blockage		8,980	
General Repairs		18,459	
Engineering		4,151	
Pump Station		4,024	
Supplies		3,699	
ROW Clearance		360	
Engineering - EPA		970	
Salaries		50,000	
Miscellaneous		282	
Depreciation		156,770	
Total Operating Expenses		247,695	
Operating income		149,302	

Non-Operating Revenue (Expenses)

Investment Earnings			
Investment Earnings		8,964	
Interest on Long-Term Debt		(1,686)	
Total Non-Operating Revenue (Expenses)		7,278	
Income Before Transfers		156,580	

Transfers out			
Transfers out		-	
Change in net position		156,580	

Net position, Beginning of Year			
Net position, Beginning of Year		3,164,763	
Net position, End of Year	\$	3,321,343	

City of Travelers Rest, South Carolina

**Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023**

Cash Flows from Operating Activities

Receipts from customers and others	\$ 420,035
Payments to suppliers	(109,661)
Payments to employees	(50,000)
	260,374
Net cash provided (used) by operating activities	260,374

Cash Flows from Capital and Related Financing Activities

Principal paid on capital debt	(115,420)
Interest paid on capital debt	(1,686)
	(117,106)
Net cash provided (used) by financing activities	(117,106)

Cash Flows from Investing Activities

Interest income	8,964
	8,964
Net cash provided (used) by investing activities	8,964

Net increase in cash and cash equivalents 152,232

Balance, beginning of year (including restricted assets of \$19,757)	1,752,120
Balance, ending of year	\$ 1,904,352

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income	\$ 149,302
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	156,770
Change in assets and liabilities:	
Accounts receivable, net	23,038
Interfund balances	(53,898)
Deferred Outflows of Resources	(1,295)
Accounts payable	(15,121)
Net Pension Liability	2,709
Deferred Inflows of Resources	(1,131)
Net cash provided (used) by operating activities	\$ 260,374

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 1 – Description of Entity

The City of Travelers Rest, South Carolina, South Carolina (the “City”) operates under a Council form of government and provides the following services as authorized by its charter: general government, administrative, legal, mayor/council, public services, municipal court, police, sanitation, and fire services. The City also owns and operates a utility system which provides sewer services. The financial statements of the City include all of the above operations.

The financial statements of the City of Travelers Rest, South Carolina have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The City’s reporting entity applies all relevant GASB pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on the application of these criteria, there were no organizations which met the criteria described above.

Note 2 – Summary of Significant Accounting Policies

The Reporting Entity

Pursuant to governmental accounting principles generally accepted in the United States of America, in evaluating the City as a reporting entity, management must consider all potential component units. The decision to include any potential component units in the City’s reporting entity was based on the following criteria:

The City’s financial accountability for the potential component unit was considered. The City is financially accountable if it appoints a voting majority of the governing board of the potential component unit and (1) it is able to impose its will on the potential component unit or (2) a financial benefit/burden relationship exists between the City and the potential component unit.

The potential component unit’s fiscal dependence on the City was considered.

The nature and significance of the relationship between the City and the potential component unit was considered to determine whether exclusion of the potential component unit from the reporting entity would render the City’s financial statements misleading or incomplete.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

The Reporting Entity, continued

Based on the above criteria, Travelers Rest Public Facilities Corporation, a not-for-profit 501©(3) organization incorporated for the specific charitable purpose of serving as a “support organization” for capital projects of the City of Travelers Rest. Board members are appointed by the City. Because the organization exclusively benefits the City, the organization’s financial information is blended with that of the City in the basic financial statements. The Organization does not issue separate financial statements.

Basis of Presentation

The City’s basic financial statements consist of government-wide financial statements that include a statement of net position, a statement of activities and fund financial statements that provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature, which normally are supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and 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 instead as general revenues.

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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 they are collected within 60 days of the end of the current fiscal period. Property taxes collected within this sixty-day period is an example of such revenue. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, licenses, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Governmental funds include the following types:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Fund Accounting, continued

The *hospitality tax fund* accounts for collection of two percent local restaurant tax receipts that are restricted for recreation and tourism expenditures.

The *accommodations tax fund* accounts for collection of three percent local accommodations tax collected from receipts from boarding or hotel establishments with more than six beds. These monies are restricted for tourism related expenses.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's general fund, special revenue fund, and enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions covered.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund 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 the same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The City considers all highly liquid investments, including cash on hand, demand deposits and short-term investments to be cash and cash equivalents.

Investments

The City's investment policy is designed to operate within existing State of South Carolina statutes that authorize the City to invest in the following:

- (1) Obligations of the United States and its agencies
- (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 Federal Deposit Insurance Corporation.
- (4) Certificates of Deposit which are collaterally secured by securities of the type described above held by a third part as escrow agent or custodian, or a market value not less than the amount of certificates of deposit so secured, including interest; provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (5) Collateralized repurchase agreements which are collateralized by securities as set forth in this section and held by the City or a third party as escrow agent or custodian.
- (6) South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

Finally, no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or city clerk if the particular portfolio of the investment company or investment trust in with the investment is made by the city is limited to obligation of the United States, State of South Carolina, or repurchase agreement collateralized by the aforementioned city or state, and has among its objective to attempt to maintain a constant net asset value of one dollar a share and to that end, value it assets by the amortized cost method. Investments are stated at costs.

The City has not policy relating to investments or deposits that would further limit its investment/deposit choices.

The City's investments in the State of South Carolina Local Government Investment Pool (the Pool) are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code of Laws. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment company Act of 1940. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Investments, continued

Investments and for External Investment Pools, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

Receivables

The City has an agreement with Greenville County to maintain property tax rolls and to levy and collect property taxes. The taxes collected are remitted to the City at the end of each month. The County charges per notice for collection.

Property taxes become a lien on real and personal property (except vehicles) owned on December 31. These taxes are usually levied on or before October 31 and are due without penalty by January 15.

Penalties are added to the taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 through March 31	15% of tax

Both lien and the collection date for motor vehicles taxes are the last day of the month in which the motor vehicle license expires.

An annual millage rate is established by City Council as part of the budget process. All the City’s real and personal property taxes are assessed and collected by Greenville County.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges, and services.

Restricted Assets

Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use by applicable laws, grant agreements, contributors, or bond covenants.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Capital Assets

The City's capital assets are recorded at cost for the government-wide financial statements but are not capitalized in the City's fund financial statements. Capital assets in the Sewer Department are capitalized at cost in the proprietary fund statements. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of land is not depreciated. Depreciation is calculated principally on the straight-line method over the estimated useful lives of the respective assets.

Under Generally Accepted Accounting Principles, the City is considered to be a phase 3 governmental entity. As such, it is not required to and does not report sewer infrastructure additions acquired or improvements made prior to July 1, 2003. Accordingly, the City is only reporting infrastructure assets and related depreciation expense for the costs of sewer infrastructure additions and improvements that were incurred subsequent to June 30, 2013.

The City's capitalization policy thresholds and estimated useful lives are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$5,000	
Land Improvements	\$5,000	25 Years
Downtown Streetscape	\$5,000	15 Years
Buildings	\$5,000	39 Years
Equipment, Vehicles and Furniture and Fixtures	\$1,000	5 - 7 Years
Intangibles	\$1,000	15 - 25 Years

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

Compensated Absences

The City's policy for compensated absences is as follow:

Vacation – Employees are permitted to accumulate earned by unused vacation benefits up to 30 days of earned vacation leave with such leave being fully vested when earned. Employees are paid 100% of their accumulated vacation when they terminate employment for any reason. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. As of June 30, 2023, employees accumulated approximately 4,100 hours for which management computed an obligation of \$394,193. A liability is reported in the governmental funds financial statements only if it has matured, for example, as a result of employee resignations or retirements.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Compensated Absences, continued

Sick Leave – the City’s sick leave policy provides for a limited accumulation of 120 days of sick leave. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Unearned Revenue

Unearned revenue is reported in the governmental fund financial statements when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise in both government-wide and fund financial statements when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenses/expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

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.

Leases

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the governmentwide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

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

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Leases, continued

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position. At June 30, 2023, the City did not have any leases that met the above criteria.

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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balance Reporting

In the fund financial statements, the City implemented GASB No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the year ended June 30, 2015. GASB No. 54 established that fund balance for governmental funds should be reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which the amounts in these funds can be spent. These classifications may consist of the following:

Non-spendable – generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable. However, if the eventual proceeds or collections from these would be restricted, committed, or assigned, these amounts would be included in that other classification.

Legally or Contractually Required to be Maintained Intact – amounts that are required to be maintained intact, such as the principle of a permanent fund.

Restricted – amounts that can be used only for specific purpose because of (a) constitutional provisions of enabling legislation or (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.)

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Fund Balance Reporting, continued

Committed – amounts that can be used only for specific purposes because of a formal action by the government’s highest level of decision-making authority. This classification might also include contractual obligation if existing resources have been committed for use in satisfying those contractual requirements. The formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative unassigned general fund balance.

Unassigned - this is the residual classification for the general fund (i.e., everything that is not in another classification or in another fund). The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Net Position

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

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts or other commitments for expenditures are recorded to reserve a portion of an applicable appropriation, is utilized in governmental funds, primarily the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute expenditures or liabilities under accounting principles generally accepted.

Estimates

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

Financial Instruments

Financial instruments that potentially subject the City to concentration of credit risk are trade receivables, interest bearing investments and cash. Due to the large number in diversity of the City's proprietary fund customer base, concentrations of credit risk with respect to receivables are limited. The City places all of its cash and cash equivalents with high-quality financial institutions and requires deposits to be collateralized.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal yearend.

City of Travelers Rest, South Carolina

Notes to the Financial Statements Year Ended June 30, 2023

Note 3 – Deposits and Investments

The State of South Carolina General Statutes permits the City to invest in certain types of financial instruments. Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of the state statutes.

As of June 30, 2023, bank balances of the City’s deposits were \$12,936,945.

Interest rate risk – The City manages its exposure to declines in fair values by limiting its investments to certificates of deposit and federal notes which can be sold and withdrawn on demand.

Credit risk – As of June 30, 2023, the City’s investment with the federal agencies is allowed under state laws.

Concentration of credit risk – The City’s places no limit on the amount that may be invested in any one issuer. At June 30, 2023, 100% of the City’s investments were in the State of South Carolina Local Government Investment Pool. At June 30, 2023, the City’s cash consisted of approximately 100% of deposits with a local financial institution.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2023, the City did not have any deposits exposed to custodial credit risk.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Cash reported in the Governmental Activities/Governmental Funds totaling \$6,912,014 represents amounts restricted as to use by providers.

Note 4 - Receivables

Receivables as of June 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Taxes (net of allowance for uncollectibles of \$0)	\$ 77,632	\$ -	\$ 77,632
Accounts (net of allowance for uncollectibles of \$0 for Governmental and \$0 for Business-type Activities)	445,716	-	445,716
Total receivables	\$ 523,348	\$ -	\$ 523,348

City of Travelers Rest, South Carolina

**Notes to the Financial Statements
Year Ended June 30, 2023**

Note 5 – Capital Assets

A summary of capital assets accounted for in the governmental activities is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 928,518	\$ -	\$ -	\$ 928,518
Construction in Progress	<u>167,351</u>	<u>118,750</u>	<u>16,755</u>	<u>269,346</u>
Total Capital Assets, Not Being Depreciated	<u>1,095,869</u>	<u>118,750</u>	<u>16,755</u>	<u>1,197,864</u>
Capital Assets, Being Depreciated				
Downtown Streetscape	4,720,102	599,025	-	5,319,127
Buildings and Improvements	11,137,947	188,944	-	11,326,891
Equipment	1,272,263	648,586	-	1,920,849
Vehicles	3,169,989	285,244	-	3,455,233
Furniture and Fixtures	516,812	-	-	516,812
Intangible Assets	<u>158,273</u>	<u>-</u>	<u>-</u>	<u>158,273</u>
Total Capital Assets, Being Depreciated	<u>20,975,386</u>	<u>1,721,799</u>	<u>-</u>	<u>22,697,185</u>
Less Accumulated Depreciation For				
Downtown Streetscape	(3,593,267)	(333,565)	-	(3,926,832)
Buildings and Improvements	(2,376,184)	(329,625)	-	(2,705,809)
Equipment	(999,993)	(124,404)	-	(1,124,397)
Vehicles	(2,131,751)	(143,309)	-	(2,275,060)
Furniture and Fixtures	(314,679)	(57,229)	-	(371,908)
Intangible Assets	<u>(79,357)</u>	<u>(11,460)</u>	<u>-</u>	<u>(90,817)</u>
Total Accumulated Depreciation	<u>(9,495,231)</u>	<u>(999,592)</u>	<u>-</u>	<u>(10,494,823)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,480,155</u>	<u>722,207</u>	<u>-</u>	<u>12,202,362</u>
Governmental Activities, Capital Assets, Net	<u>\$ 12,576,024</u>	<u>\$ 840,957</u>	<u>\$ 16,755</u>	<u>\$ 13,400,226</u>

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 5 – Capital Assets, continued

A summary of capital assets accounted for in the business-type activities is as follows:

	Beginning Balances	Additions	Transfers/ Disposals	Ending Balances
Business-Type Activities:				
Capital Assets, Being Depreciated				
Equipment	\$ 254,517	\$ -	\$ -	\$ 254,517
Infrastructure:				
Sewer Trunk Lines & Rehabilitation	2,645,777	-	-	2,645,777
Tubbs Mtn Pump Station	877,206	-	-	877,206
Intangibles	81,790	-	-	81,790
Total Capital Assets, Being Depreciated	3,859,290	-	-	3,859,290
Less Accumulated Depreciation For				
Equipment	(231,610)	(1,590)	-	(233,200)
Infrastructure:				
Sewer Trunk Lines & Rehabilitation	(1,671,076)	(116,774)	-	(1,787,850)
Tubbs Mtn Pump Station	(497,949)	(36,105)	-	(534,054)
Intangibles	(67,027)	(2,301)	-	(69,328)
Total Accumulated Depreciation	(2,467,662)	(156,770)	-	(2,624,432)
Total Capital Assets, Being Depreciated, Net	1,391,628	(156,770)	-	1,234,858
Business-Type Activities, Capital Assets, Net	\$ 1,391,628	\$ (156,770)	\$ -	\$ 1,234,858

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

Governmental Activities:	
General Government	\$ 598,255
Police	272,621
Fire	124,893
Sanitation	3,823
Total Depreciation Expense - Governmental Activities	\$ 999,592
Business-Type Activities:	
Sewer System	\$ 156,770
Total Depreciation Expense - Business-Type Activities	\$ 156,770

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 5 – Capital Assets, continued

Amortization of the Hospitality Tax Fund’s intangible assets was included in governmental activities depreciation expense for the year ended June 30, 2023. Amortization expense relating to governmental activities will be \$6,004 for each of the next three years.

Amortization of the Sewer System’s intangible assets was included in business-type activities depreciation expense for the year ended June 30, 2023. Amortization expense relating to business-type activities will be \$3,671 for each of the next three years.

Note 6 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
General Obligation Bonds					
2022A & B General Obligation Bonds	-	124,975	(124,975)	-	-
Master Lease General Obligation Bond	195,000	-	(64,000)	131,000	65,000
Master Lease Agreement August 19, 2019	605,314	-	(69,359)	535,955	71,074
Master Lease Agreement July 11, 2022	-	750,000	-	750,000	140,562
Total General Obligation Bonds	<u>800,314</u>	<u>874,975</u>	<u>(258,334)</u>	<u>1,416,955</u>	<u>276,636</u>
Revenue Bonds					
2017 Accommodations and Hospitality					
Revenue Refunding Bond	\$ 1,804,000	\$ -	\$ (239,000)	\$ 1,565,000	\$ 245,000
2017B Accommodations and Hospitality					
Revenue Bond	1,829,000	-	(84,000)	1,745,000	86,000
SC Energy Office	18,929	-	(9,371)	9,558	9,558
2022 Accommodations and Hospitality					
Revenue Bond	<u>1,295,000</u>	<u>-</u>	<u>(70,000)</u>	<u>1,225,000</u>	<u>72,000</u>
Total Revenue Bonds	<u>4,946,929</u>	<u>-</u>	<u>(402,371)</u>	<u>4,544,558</u>	<u>412,558</u>
Travelers Rest Public Facilities Corporation					
2013A Installment Purchase Revenue Bond	115,400	-	(115,400)	-	-
2013B Installment Purchase Revenue Bond	440,910	-	(58,390)	382,520	57,220
2017 Installment Purchase Revenue Bond	3,283,000	-	(16,000)	3,267,000	139,000
2020C Installment Purchase Revenue Bond	<u>144,000</u>	<u>-</u>	<u>(47,000)</u>	<u>97,000</u>	<u>48,000</u>
Total Installment Purchase Revenue Bonds	<u>3,983,310</u>	<u>-</u>	<u>(236,790)</u>	<u>3,746,520</u>	<u>244,220</u>
Accrued Compensated Absences					
Governmental activities	<u>321,641</u>	<u>-</u>	<u>72,552</u>	<u>394,193</u>	<u>232,574</u>
long-term liabilities	<u>\$ 10,052,194</u>	<u>\$ 874,975</u>	<u>\$ (824,943)</u>	<u>\$ 10,102,226</u>	<u>\$ 1,165,988</u>

For the governmental activities, the General Obligations Bonds, Installment Purchase Bonds and Revenue Bonds are liquidated from the general fund and the hospitality tax fund, respectively. Compensated absences are generally liquidated from the general fund.

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 6 – Long-Term Debt, continued

The 2017A Accommodations and Hospitality Tax Revenue Refunding Bonds were issued in April 2017 for the amount of \$2,912,000 to refund series 2012 Bonds. The bonds are payable annually on April 1 in incrementally increasing installments of principle through 2029. Interest is payable semi-annually on April 1 and October 1 through 2029 with an interest rate of 2.54%. The issuance resulted in a net present value savings of \$120,720. This bond is secured by the full faith, credit and taxing power of the City.

The 2017B Accommodations and Hospitality Tax Revenue Bonds were issued in April 2017 for the amount of \$2,215,000 for capital improvements. The bonds are payable annually on April 1 in incrementally increasing installments of principle through 2032. Interest is payable semi-annually on April 1 and October 1 through 2032 with an interest rate of 2.76%. This bond is secured by the full faith, credit and taxing power of the City.

The Travelers Rest Public Facilities Corporation (“Corporation”) Installment Purchase Improvement Bond 2013A issued in the amount of \$1,047,500 on July 19, 2013 is payable annually on April 1 in incrementally increasing installments of principle through 2023. Interest is payable in semi-annual installments on April 1 and October 1 through 2023 with an interest rate of 2.22%. The bonds were originally issued to finance the cost of acquiring, constructing and renovating facilities sold by the Corporation to the City pursuant to a Facilities Purchase and Occupancy Agreement dated July 1, 2013. This agreement between the City and the Corporation is still in effect at June 30, 2023. The bonds are subject to annual appropriation.

The Travelers Rest Public Facilities Corporation (“Corporation”) Installment Purchase Improvement Bond 2013B issued in the amount of \$866,650 on July 19, 2013 is payable annually on April 1 in incrementally increasing installments of principle through 2029. Interest is payable in semi-annual installments on April 1 and October 1 through 2029 with an interest rate of 2.95%. The bonds were originally issued to finance the cost of acquiring, constructing and renovating facilities sold by the Corporation to the City pursuant to a Facilities Purchase and Occupancy Agreement dated July 1, 2013. This agreement between the City and the Corporation is still in effect at June 30, 2023. The bonds are subject to annual appropriation.

The Travelers Rest Public Facilities Corporation (“Corporation”) Installment Purchase Revenue Bond Series 2017 was issued in May 2017 in the amount of \$3,347,000 and is payable annually on April 1 in incrementally increasing installments of principle through 2037. Interest is payable in semi-annual installments on April 1 and October 1 through 2037 with an interest rate of 2.90%. The bonds were originally issued to finance the cost of acquiring, constructing and renovating facilities sold by the Corporation to the City pursuant to a Facilities Purchase and Occupancy Agreement dated July 1, 2013. This agreement between the City and the Corporation is still in effect at June 30, 2023. The bonds are subject to annual appropriation.

The 2022A General Obligation Bond was issued in August 2022 for the amount of \$72,250 for acquisition payments to the Corporation. The bond has a maturity date of March 15, 2023. Interest is payable on March 15, 2023 with an interest rate of 1.297%. This bond is secured by the full faith, credit and taxing power of the City.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Long-Term Debt, continued

The 2022B General Obligation Bond was issued in August 2022 for the amount of \$52,218 for acquisition payments to the Corporation. The bond has a maturity date of March 15, 2023. Interest is payable on March 15, 2023 with an interest rate of 1.844%. This bond is secured by the full faith, credit and taxing power of the City.

Debt service requirements on the governmental activities revenue bonds at June 30 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2024	\$ 412,558	\$ 115,666	\$ 528,224
2025	414,000	105,258	519,258
2026	424,000	94,763	518,763
2027	436,000	84,013	520,013
2028	448,000	72,963	520,963
Thereafter	<u>2,410,000</u>	<u>207,504</u>	<u>2,617,504</u>
	<u>\$ 4,544,558</u>	<u>\$ 680,167</u>	<u>\$ 5,224,725</u>

Debt service requirements on the governmental activities Travelers Rest Public Facilities Corporation installment purchase bonds at June 30, 2023 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2024	\$ 244,220	\$ 105,448	\$ 349,668
2025	251,020	98,990	350,010
2026	208,660	92,331	300,991
2027	214,150	86,146	300,296
2028	220,590	79,861	300,451
Thereafter	<u>2,607,880</u>	<u>397,392</u>	<u>3,005,272</u>
	<u>\$ 3,746,520</u>	<u>\$ 860,168</u>	<u>\$ 4,606,688</u>

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 6 – Long-Term Debt, continued

Debt service requirements on the governmental activities general obligation at June 30 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2024	276,637	39,700	316,337
2025	283,931	32,380	316,311
2026	224,480	24,788	249,268
2027	231,197	18,072	249,269
2028	238,116	10,883	248,999
Thereafter	162,594	6,069	168,663
	<u>\$ 1,416,955</u>	<u>\$ 131,892</u>	<u>\$ 1,548,847</u>

Business-Type Activities:

During the fiscal year ended June 30, 2002, the City entered into an agreement with a contractor to provide sewer line rehabilitation over the area of the City known as the Travelers Rest 3 Area. The contract price of \$877,892 was financed out of existing reserves and through two separate bonds offered by the South Carolina Water Quality Revolving Fund Authority.

The first revolving bond – A was paid in full in April 2023.

The second revolving bond – B was paid in full in April 2023.

During the fiscal year ended June 30, 2008, the South Carolina Water Quality Revolving Fund Authority loaned the City \$358,039 at an interest rate of 2.25% per annum. The purpose of the proceeds of this note was to fund the Tubbs Mountain Sewer Station Project. This project was completed during the year ended June 30, 2008 at a total cost of \$858,367. The loan was paid in full in February 2023.

Note 7 – Restricted Assets

Cash and cash equivalents

As of June 30, 2023, cash and cash equivalents restricted by external sources included:

	Governmental Activities	Business-type Activities
Capital projects	\$ 3,424,786	\$ -
Recreation and Tourism	1,810,875	-
Other Purposes	1,665,172	-
	<u>\$ 6,900,833</u>	<u>\$ -</u>

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 8 – Retirement Plan

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

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Plan Description

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 8 – Retirement Plan, continued

Plan Description, continued

of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the 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.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 8 – Retirement Plan, continued

Membership, continued

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

Benefits

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

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

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 8 – Retirement Plan, continued

Benefits, continued

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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

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

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

Contributions, continued

Required employee contribution rates for fiscal year 2022-2023 are as follows:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contributions for fiscal year 2022-2023 are as follows:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Pension Plan Fiduciary Net Position

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

Pension Plan Fiduciary Net Position, continued

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

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Actuarial Assumptions

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

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

Actuarial Assumptions, continued

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return (1)	7.00%	7.00%
Projected salary increases (1)	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

(1) Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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 rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

Long-Term Expected Rate of Return, continued

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflations for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>7.04%</u>

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the 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 TPL.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 1,820,358	\$ 1,419,799	\$ 1,086,787
PORS	\$ 4,210,164	\$ 3,019,251	\$ 2,044,377

Net Pension Liability

At June 30, 2023, the City reported a net pension liability of \$1,419,799 and \$3,019,251 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate shares of the net pension liabilities were based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportionate shares of the SCRS and PORS plans were .005857 percent and .10676 percent respectively, for June 30, 2023.

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense for the SCRS plan of \$158,605. For the year ended June 30, 2023, the City recognized pension expense for the PORS plan of \$367,023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For the SCRS plan, there were total deferred outflows of resources of \$507,258 consisting of differences between expected and actual experience of \$57,871, the net difference between projected and actual earnings on pension plan investments of \$208,872, changes in proportion and differences between employer contributions and proportionate share of contributions of \$106,349, and City contributions subsequent to the measurement date of \$134,166. There were deferred inflows of resources of \$286,230 for the SCRS plan consisting of differences between expected and actual experience.

City of Travelers Rest, South Carolina

**Notes to Financial Statements
Year Ended June 30, 2023**

Note 8 – Retirement Plan, continued

For the PORS plan, there were total deferred outflows of resources of \$1,403,104 consisting of differences between expected and actual experience of \$176,383, the net difference between projected and actual earnings on pension plan investments of \$655,154, changes in proportion and differences between employer contributions and proportionate share of contributions of \$194,266, and City contributions subsequent to the measurement date of \$377,301. There were deferred inflows of resources of \$714,245 for the PORS plan consisting of differences between expected and actual experience.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

The \$134,166 and \$377,301 reported as deferred outflows of resources resulting from the City’s contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2023 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

For the SCRS plan, \$67,029 will be recognized for the fiscal years 2024. For fiscal year 2025 \$2,287 will be recognized. For fiscal year 2026 \$(19,481) will be recognized and \$37,027 will be recognized in 2027.

For the PORS plan, \$178,219 will be recognized for the fiscal years 2024. For fiscal year 2025 \$103,591 will be recognized. For fiscal year 2026 \$(87,611) will be recognized and \$117,358 will be recognized in 2027.

Covered Payroll and Contributions

The payroll for City employees covered by the SCRS totaled \$770,638 and \$692,401 for the year ended June 30, 2023 and 2022, while the payroll for PORS covered employees totaled \$1,901,717 and \$1,568,531, respectively.

The City’s contributions to SCRS and PORS are summarized as follows:

Year Ended	Employer			Employee		
	Percent	SCRS	PORS	Percent	SCRS	PORS
June 30, 2023	100%	\$ 134,166	\$ 377,301	100%	\$ 69,357	\$ 185,418
June 30, 2022	100%	\$ 113,623	\$ 295,511	100%	\$ 62,316	\$ 152,842
June 30, 2021	100%	\$ 96,933	\$ 264,465	100%	\$ 56,613	\$ 144,537

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 9 – Risk Management

The City is exposed to various risks of loss relating to liability, theft or impairment of assets, errors or omissions, injuries to employees and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. The City does not maintain a self-insurance fund.

During the fiscal year ended June 30, 2023, the City did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

Note 10 – Legal Matters

The City is engaged in routine litigation incidental to the conduct of its business and municipal affairs. In the opinion of its Counsel, no legal proceedings are pending against the City, not covered by insurance, which would inhibit the City's ability to perform its operations or materially affect its financial condition.

Note 11 – Commitments

The city maintains an agreement with Greenville County, whereby Greenville County agrees to be responsible for the operation, staffing, funding and maintenance of the Detention Center. The City is allowed to house sentenced and pre-sentenced prisoners in the Detention Center. Greenville County receives a per diem rate established annually and effective for the twelve-month period of July 1 through June 30. The per diem rate was \$55.52 and the total jail fees paid to Greenville County were \$40,014 for the year ended June 30, 2023.

Note 12 – Contingent Liabilities

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

City of Travelers Rest, South Carolina

Notes to Financial Statements Year Ended June 30, 2023

Note 13 – Tax Abatements

Greenville County provides tax abatements under fee-in-lieu of Tax and Special Source Revenue Credit Program (FILOT and SSRC). FILOT and SSRC offer individual incentive packages by abating property taxes to attract new business to the County and to retain current businesses. The Fee-in-Lieu of Tax and Special Source Revenue Credit Program was established by SC Code Title 12, Chapter 44 and Title 4, Chapter 12 as SC Code Sections 4-29-68, 4-1-170 and 12-44-70. The City of Travelers Rest's property tax revenues were reduced by \$46,631 for the fiscal year ended June 30, 2023 under agreements entered into by Greenville County. These agreements are related to economic development programs.

Note 14 – Projects with Other Government Agencies

During 2009 – 2010 fiscal year, the City issued a general obligation bond of \$900,000 to cover its portion of the cost of a tract of land purchased in conjunction with the Greenville County Recreation Department (the "Department"). During the 2010 – 2011 fiscal year, the City and the Department demolished the buildings on this tract and completed other clean-up activities to provide park and recreation facilities to the citizens of the City of Travelers Rest and Greenville County. During the 2010 – 2011 fiscal year, bond proceeds totaling \$197,820 were issued for this project. The City also shares some costs with the Department to maintain the Swamp Rabbit Trail, which transverses the City of Travelers Rest and the other areas of Greenville County. The Swamp Rabbit Trail and the new Downtown Streetscape have become an attraction for businesses, tourism and recreation for the City of Travelers Rest.

Note 15 – Subsequent Events

Subsequent events were evaluated through December 15, 2023, which is the date the financial statements were available to be issued.

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property Taxes	\$ 2,882,561	\$ 2,882,561	\$ 2,625,518	\$ (257,043)
Fee in Lieu	160,000	160,000	160,000	-
Accommodations Tax	115,100	115,100	99,076	(16,024)
Manufacturers Tax	45,000	45,000	128,563	83,563
Merchants Inventory Tax	19,000	19,000	21,977	2,977
Telecommunications Tax	18,500	18,500	12,613	(5,887)
Total Taxes	<u>3,240,161</u>	<u>3,240,161</u>	<u>3,047,747</u>	<u>(192,414)</u>
License and Permits				
Business License	537,000	537,000	785,657	248,657
Franchise Taxes (Fees)	608,000	608,000	620,574	12,574
Insurance Fees	775,000	775,000	1,028,191	253,191
Building Permits and Inspection Fees	348,000	348,000	351,684	3,684
Total License and Fees	<u>2,268,000</u>	<u>2,268,000</u>	<u>2,786,106</u>	<u>518,106</u>
Other Income				
Fines and Forfeitures	56,000	56,000	41,700	(14,300)
Investment Income	3,500	3,500	34,417	30,917
School District	28,000	28,000	38,000	10,000
Aid to Subdivisions	120,000	120,000	226,306	106,306
Public Works Fees	50,500	50,500	42,753	(7,747)
Grants	1,458,637	1,458,637	1,413,739	(44,898)
Other Income and appropriation of fund balance	960,727	960,727	316,143	(644,584)
Total Other Income	<u>2,677,364</u>	<u>2,677,364</u>	<u>2,113,058</u>	<u>(564,306)</u>
Total Revenues	<u>8,185,525</u>	<u>8,185,525</u>	<u>7,946,911</u>	<u>(238,614)</u>
Expenditures				
Administrative				
Salaries	335,734	335,734	333,872	1,862
Social Security/Medicare	25,684	25,684	23,991	1,693
Retirement	58,955	58,955	56,234	2,721
Group Health Insurance	69,512	69,512	81,580	(12,068)
Workers Compensation	940	940	1,602	(662)
Miscellaneous	140,150	140,150	67,488	72,662
Supplies	2,200	2,200	2,728	(528)
Employee Training and Travel	3,000	3,000	2,149	851
Financial Services	50,000	50,000	57,843	(7,843)
Total Administrative	<u>686,175</u>	<u>686,175</u>	<u>627,487</u>	<u>58,688</u>
Mayor/Council				
Salaries	33,600	33,600	33,880	(280)
Social Security/Medicare	2,570	2,570	2,592	(22)
Workers Compensation	77	77	42	35
Seminars/Travel	12,000	12,000	14,824	(2,824)
Council Expenses	6,200	6,200	3,680	2,520
Total Mayor/Council	<u>54,447</u>	<u>54,447</u>	<u>55,018</u>	<u>(571)</u>

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legal				
Council Advice	8,000	8,000	5,027	2,973
Total Legal	<u>8,000</u>	<u>8,000</u>	<u>5,027</u>	<u>2,973</u>
General Government				
Tort Liability Insurance	52,000	52,000	62,580	(10,580)
Equipment Lease	3,500	3,500	1,706	1,794
Utilities	35,400	35,400	26,000	9,400
Street Lights	50,000	50,000	29,033	20,967
Postage/Postage Meter	5,000	5,000	3,705	1,295
Computer IT Support	20,000	20,000	19,191	809
Advertisement/Ads	1,000	1,000	319	681
Vehicle Insurance	60,000	60,000	51,680	8,320
Casualty Insurance	17,500	17,500	33,634	(16,134)
Envelopes/Letterhead	1,500	1,500	409	1,091
Traffic Signals	1,000	1,000	471	529
Miscellaneous	17,000	17,000	15,291	1,709
Dues	2,400	2,400	2,845	(445)
Internet, Phone and Fiber	20,000	20,000	21,022	(1,022)
Employee Appreciation	2,250	2,250	3,343	(1,093)
Sales and Use Tax Expense	400	400	1,196	(796)
Total General Government	<u>288,950</u>	<u>288,950</u>	<u>272,425</u>	<u>16,525</u>
Municipal Court				
Salaries	63,931	63,931	65,136	(1,205)
Social Security/Medicare	3,896	3,896	4,386	(490)
Retirement	8,944	8,944	10,015	(1,071)
Group Health Insurance	6,907	6,907	6,743	164
Workers Compensation	143	143	224	(81)
Schools and Seminars	1,200	1,200	469	731
Cellular Phones	900	900	372	528
Supplies	2,000	2,000	2,231	(231)
Travel Expense	3,000	3,000	3,210	(210)
Court Operations	2,200	2,200	350	1,850
Legal	33,500	33,500	20,632	12,868
Jail Fees	55,000	55,000	40,014	14,986
Total Municipal Court	<u>181,621</u>	<u>181,621</u>	<u>153,782</u>	<u>27,839</u>

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Police				
Salaries	1,303,203	1,303,203	1,401,190	(97,987)
Overtime	34,300	34,300	17,648	16,652
Social Security/Medicare	103,084	103,084	103,645	(561)
Retirement	265,745	265,745	272,393	(6,648)
Group Health Insurance	266,713	266,713	262,145	4,568
Workers Compensation	37,044	37,044	38,755	(1,711)
Vehicle Operating	52,000	52,000	69,589	(17,589)
Vehicle Maintenance	27,500	27,500	44,874	(17,374)
Telephone/Pager	14,000	14,000	14,240	(240)
Equipment Repair	3,000	3,000	2,780	220
Supplies	3,000	3,000	1,901	1,099
Uniforms and Clothing	12,950	12,950	17,782	(4,832)
Employee Training	13,100	13,100	7,573	5,527
Other Expenditures	87,760	87,760	120,921	(33,161)
Total Police	<u>2,223,399</u>	<u>2,223,399</u>	<u>2,375,436</u>	<u>(152,037)</u>
Public Services				
Salaries	118,641	118,641	118,155	486
Overtime	3,355	3,355	-	3,355
Social Security/Medicare	9,333	9,333	7,797	1,536
Retirement	21,422	21,422	20,571	851
Group Health Insurance	39,472	39,472	41,307	(1,835)
Workers Compensation	3,454	3,454	3,523	(69)
Telephone	1,200	1,200	1,119	81
Building Permits and Maintenance	15,500	15,500	20,053	(4,553)
Street and Sign Repair	49,000	49,000	59,227	(10,227)
Vehicle Operating	8,500	8,500	8,075	425
Vehicle Maintenance	2,250	2,250	3,014	(764)
Animal Control	1,650	1,650	1,634	16
Supplies	15,450	15,450	14,722	728
Engineering	28,000	28,000	4,758	23,242
Other Expenditures	6,800	6,800	23,685	(16,885)
Total Maintenance	<u>324,027</u>	<u>324,027</u>	<u>327,640</u>	<u>(3,613)</u>
Fire				
Salaries	802,106	802,106	839,442	(37,336)
Non-volunteer Overtime	20,000	20,000	8,065	11,935
Social Security/Medicare	62,891	62,891	60,813	2,078
Retirement	164,573	164,573	166,371	(1,798)
Group Health Insurance	222,138	222,138	207,161	14,977
Workers Compensation	41,183	41,183	46,804	(5,621)
Utilities	15,582	15,582	16,041	(459)
Building Maintenance	15,500	15,500	14,609	891
Vehicle Operating	20,000	20,000	27,483	(7,483)
Vehicle Maintenance	30,000	30,000	26,255	3,745
Equipment Repair	15,550	15,550	7,141	8,409
Supplies	3,850	3,850	2,830	1,020
Uniforms and Clothing	11,500	11,500	8,877	2,623
Employee Training	8,250	8,250	9,827	(1,577)
Fire Safety and Prevention	1,200	1,200	1,399	(199)

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Equipment	22,500	22,500	20,423	2,077
Other Expenditures	17,300	17,300	17,893	(593)
Total Fire	<u>1,474,123</u>	<u>1,474,123</u>	<u>1,481,434</u>	<u>(7,311)</u>
Building Codes				
Vehicle Operating	-	-	248	(248)
Training and Travel	-	-	650	(650)
Inspection Services	70,000	70,000	83,363	(13,363)
Software	7,000	7,000	6,806	194
Total Building Codes	<u>77,000</u>	<u>77,000</u>	<u>91,067</u>	<u>(14,067)</u>
Sanitation				
Contract Services	305,370	305,370	288,805	16,565
Total Sanitation	<u>305,370</u>	<u>305,370</u>	<u>288,805</u>	<u>16,565</u>
Capital Outlay				
General Government - Capital Improvements	64,200	64,200	60,000	4,200
Police Department Equipment	389,360	389,360	361,786	27,574
Motor Vehicles - Police	239,200	239,200	243,601	(4,401)
Fire Department Equipment	14,500	14,500	14,500	-
Public Services	18,000	18,000	25,221	(7,221)
Total Capital Outlay	<u>725,260</u>	<u>725,260</u>	<u>705,108</u>	<u>20,152</u>
Debt Service	657,380	657,380	644,255	13,125
Total Expenditures	<u>7,005,752</u>	<u>7,005,752</u>	<u>7,027,484</u>	<u>(21,732)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,179,773</u>	<u>1,179,773</u>	<u>919,427</u>	<u>(260,346)</u>
Other Financing Sources (Uses)				
Transfers in	302,500	302,500	253,500	(49,000)
Transfers out	(2,358,273)	(2,358,273)	(2,315,597)	42,676
Loan proceeds	876,000	876,000	874,975	(1,025)
Total Other Financing Sources (Uses)	<u>(1,179,773)</u>	<u>(1,179,773)</u>	<u>(1,187,122)</u>	<u>(7,349)</u>
Net Change in Fund Balance	-	-	(267,695)	(267,695)
Fund balance, beginning of year	5,480,571	5,480,571	5,480,571	-
Fund Balance, end of year	<u>\$ 5,480,571</u>	<u>\$ 5,480,571</u>	<u>\$ 5,212,876</u>	<u>\$ (267,695)</u>

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
Hospitality Tax Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Hospitality Tax	\$ 1,008,554	\$ 1,008,554	\$ 1,224,125	\$ 215,571
Sponsorship Revenue	10,000	10,000	2,375	(7,625)
Rental Income	7,500	7,500	14,605	7,105
Investment Income	1,500	1,500	4,909	3,409
Total Revenues	<u>1,027,554</u>	<u>1,027,554</u>	<u>1,246,014</u>	<u>218,460</u>
Expenditures				
Ampitheater Program	40,000	40,000	24,563	15,437
Downtown Maintenance	33,000	33,000	44,579	(11,579)
Other Expenditures	143,875	143,875	214,853	(70,978)
Debt Service	420,000	420,000	529,628	(109,628)
Total Expenditures	<u>636,875</u>	<u>636,875</u>	<u>813,623</u>	<u>(176,748)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>390,679</u>	<u>390,679</u>	<u>432,391</u>	<u>41,712</u>
Other Financing Sources (Uses)				
Transfers out	<u>(388,000)</u>	<u>(388,000)</u>	<u>(325,000)</u>	<u>63,000</u>
Total Other Financing Sources (Uses)	<u>(388,000)</u>	<u>(388,000)</u>	<u>(325,000)</u>	<u>63,000</u>
Net Change in Fund Balance	2,679	2,679	107,391	104,712
Fund balance, beginning of year	1,319,573	1,319,573	1,319,573	-
Fund Balance, end of year	<u>\$ 1,322,252</u>	<u>\$ 1,322,252</u>	<u>\$ 1,426,964</u>	<u>\$ 104,712</u>

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund
Budget and Actual
Accommodations Tax Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Accommodations Tax	\$ 116,700	\$ 116,700	\$ 124,034	\$ 7,334
Investment Income	800	800	5,244	4,444
Total Revenues	<u>117,500</u>	<u>117,500</u>	<u>129,278</u>	<u>11,778</u>
Expenditures				
Current				
Administrative	<u>40,000</u>	<u>40,000</u>	<u>35,236</u>	<u>4,764</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>35,236</u>	<u>4,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>77,500</u>	<u>77,500</u>	<u>94,042</u>	<u>16,542</u>
Other Financing Sources (Uses)				
Transfers out	<u>(77,500)</u>	<u>(77,500)</u>	<u>(77,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(77,500)</u>	<u>(77,500)</u>	<u>(77,500)</u>	<u>-</u>
Net Change in Fund Balance	-	-	16,542	16,542
Fund balance, beginning of year	367,369	367,369	367,369	-
Fund Balance, end of year	<u>\$ 367,369</u>	<u>\$ 367,369</u>	<u>\$ 383,911</u>	<u>\$ 16,542</u>

City of Travelers Rest, South Carolina

**Schedule of Proportionate Share of the Net Pension Liability
Employee Pension Plan
Year Ended June 30, 2023**

<u>System</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
SCRS					
2014	0.004750%	\$ 851,981	\$ 429,070	198.56%	59.90%
2015	0.004750%	\$ 817,793	\$ 454,037	180.12%	59.90%
2016	0.004786%	\$ 925,727	\$ 512,090	180.77%	56.99%
2017	0.005288%	\$ 1,129,510	\$ 498,164	226.73%	52.90%
2018	0.004937%	\$ 1,111,398	\$ 533,575	208.29%	53.30%
2019	0.005149%	\$ 1,153,717	\$ 548,334	210.40%	54.10%
2020	0.005193%	\$ 1,185,707	\$ 688,246	172.28%	54.40%
2021	0.006199%	\$ 1,583,919	\$ 629,027	251.80%	50.70%
2022	0.005559%	\$ 1,203,037	\$ 692,401	173.75%	60.70%
2023	0.005857%	\$ 1,419,799	\$ 770,638	184.24%	57.10%
PORS					
2014	0.09903%	\$ 2,052,844	\$ 1,172,329	175.11%	67.50%
2015	0.09903%	\$ 1,895,838	\$ 1,238,501	153.08%	67.50%
2016	0.09643%	\$ 2,106,419	\$ 1,327,526	158.67%	64.60%
2017	0.10346%	\$ 2,624,135	\$ 1,243,785	210.98%	60.40%
2018	0.09298%	\$ 2,547,134	\$ 1,237,911	205.76%	60.90%
2019	0.089435%	\$ 2,547,134	\$ 1,201,341	212.02%	61.70%
2020	0.082825%	\$ 2,373,711	\$ 1,410,504	168.29%	62.70%
2021	0.094429%	\$ 3,131,476	\$ 1,482,428	211.24%	58.80%
2022	0.098430%	\$ 2,532,513	\$ 1,568,531	161.46%	70.40%
2023	0.106760%	\$ 2,532,513	\$ 1,901,717	133.17%	66.40%

See Notes to Required Supplementary Information.

Schedule is intended to show information for 10 years.

Additional information will be displayed as they become available.

City of Travelers Rest, South Carolina

**Schedule of Contributions to Employee Pension Plan
Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
SCRS										
Contractually required contribution	\$ 134,166	\$ 113,623	\$ 96,933	\$ 106,059	\$ 79,015	\$ 71,552	\$ 56,841	\$ 55,869	\$ 48,809	\$ 46,125
Contributions in relation to the contractually required contribution	<u>134,166</u>	<u>113,623</u>	<u>96,933</u>	<u>106,059</u>	<u>79,015</u>	<u>71,552</u>	<u>56,841</u>	<u>55,869</u>	<u>48,809</u>	<u>46,125</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 770,638	\$ 692,401	\$ 629,027	\$ 688,246	\$ 548,334	\$ 533,575	\$ 498,164	\$ 512,090	\$ 454,037	\$ 429,070
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.75%
PORS										
Contractually required contribution	\$ 377,301	\$ 295,511	\$ 264,465	\$ 251,634	\$ 202,306	\$ 196,085	\$ 172,139	\$ 177,092	\$ 161,129	\$ 152,520
Contributions in relation to the contractually required contribution	<u>377,301</u>	<u>295,511</u>	<u>264,465</u>	<u>251,634</u>	<u>202,306</u>	<u>196,085</u>	<u>172,139</u>	<u>177,092</u>	<u>161,129</u>	<u>152,520</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,901,717	\$ 1,568,531	\$ 1,482,428	\$ 1,410,504	\$ 1,201,341	\$ 1,237,911	\$ 1,243,785	\$ 1,327,526	\$ 1,238,501	\$ 1,172,329
Contributions as a percentage of covered payroll	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%	13.01%

See Notes to Required Supplementary Information.
Schedule is intended to show information for 10 years.
Additional information will be displayed as they become available.

City of Travelers Rest, South Carolina
Notes to Required Supplementary Information
June 30, 2023

Note 1 - Budgets and Budgetary Accounting

The City prepares an annual budget on the General Fund, Hospitality Tax Fund and Accommodations Tax Fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least forty days prior to July 1, the Administration Committee submits to the City Council a proposed operating budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. One public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through the passage of an ordinance of which two readings are required.
4. The Administration Committee is authorized to transfer budgeted amounts between departments within any fund; however, the revisions that alter the total expenditures of any fund must be approved by the City Council.
5. The budget for the City is adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2 – Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded revenues in the General Fund by \$305,684.

City of Travelers Rest, South Carolina
Notes to Required Supplementary Information
June 30, 2023

Note 3 - Net Pension Liability

The following table provides a summary for the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the SCRS and PORS plan:

	SCRS	PORS
Valuation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-year smoothed	5 year-smoothed
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	27-year maximum, closed period	27- year maximum, closed period
Inflation rate	2.25%	2.25%
Projected salary increases	3.0% plus step-rate increases for memebers with less than 21 years of service.	3.5% plus step-rate increases for memebers with less than 15 years of service.
Investment rate of return	7.25%	7.25%
Mortality	The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 public retirees of South Carolina mortality tables for males and females, both projected at Scale AA from the year 2016. Male rates multiplied by 125% and female rates are multiplied by 111%.
Comment on the development of the actuarially determined and actual contribution rate	Contribution rate for fiscal year 2022 is determined in accordance with the Retirement System Funding and Administration Act of 2017.	Contribution rate for fiscal year 2022 is determined in accordance with the Retirement System Funding and Administration Act of 2017.



HIGHSMITH & HIGHSMITH, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member
South Carolina Association of
Certified Public Accountants

329 S Main Street
Travelers Rest, South Carolina 29690
(864) 834-3868

Member
American Institute of
Certified Public Accountants

**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 Mayor and Members of City Council
City of Travelers Rest, 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 Travelers Rest, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Travelers Rest, South Carolina's basic financial statements, and have issued our report thereon dated December 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Travelers Rest, 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 Travelers Rest, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Travelers Rest, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Mayor and Members of City Council
City of Travelers Rest, South Carolina

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Travelers Rest, 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.

DRAFT

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

December 15, 2023



HIGHSMITH & HIGHSMITH, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member
South Carolina Association of
Certified Public Accountants

329 S Main Street
Travelers Rest, South Carolina 29690
(864) 834-3868

Member
American Institute of
Certified Public Accountants

Independent Accountant's Report

The Honorable Mayor and
Members of Town Council
City of Travelers Rest
Travelers Rest, South Carolina

We have examined the City of Travelers Rest's compliance with American Rescue Plan Act of 2022 during the period July 1, 2022 to June 30, 2023. Management of the City of Travelers Rest is responsible for the City of Travelers Rest's compliance with specific requirements. Our responsibility is to express an opinion on the City of Travelers Rest's compliance with specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of Travelers Rest complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Travelers Rest complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the City of Travelers Rest's compliance with specified requirements.

In our opinion, the City of Travelers Rest complied, in all material respects, with the American Rescue Plan Act of 2022 during the July 1, 2022 to June 30, 2023.

DRAFT

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

December 15, 2023

City of Travelers Rest, South Carolina
Schedule of Revenues, Expenses and Changes in Fund Balances
Budget and Actual
Proprietary Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Charges for Services				
Sewer Service Collection Fees	\$ 138,000	\$ 138,000	\$ 263,997	\$ 125,997
Sewer Tap Fees	37,000	37,000	25,800	(11,200)
Sewer Impact Fees	120,500	120,500	107,200	(13,300)
Total Operating Revenues	<u>295,500</u>	<u>295,500</u>	<u>396,997</u>	<u>101,497</u>
Operating Expenses				
Maintenance and Repairs				
Blockage	2,500	2,500	8,980	(6,480)
General Repairs	12,500	12,500	18,459	(5,959)
Engineering	7,500	7,500	4,151	3,349
Pump Station	6,750	6,750	4,024	2,726
Supplies	600	600	3,699	(3,099)
ROW Clearance	1,500	1,500	360	1,140
Sewer Line Cleaning - MOM	7,500	7,500	-	7,500
Engineering - EPA	7,500	7,500	970	6,530
Salaries	50,000	50,000	50,000	-
Miscellaneous	-	-	282	(282)
Total Expenditures	<u>96,350</u>	<u>96,350</u>	<u>90,925</u>	<u>5,425</u>
Operating Income	<u>199,150</u>	<u>199,150</u>	<u>306,072</u>	<u>106,922</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	600	600	8,964	8,364
Interest on Long-Term Debt	(5,800)	(5,800)	(1,686)	4,114
Total Nonoperating Revenues (Expenses)	<u>(5,200)</u>	<u>(5,200)</u>	<u>7,278</u>	<u>12,478</u>
Income Before Transfers			313,350	
Transfers out	-	-	-	-
Change in Net Position, Budgetary Basis	193,950	193,950	313,350	119,400
Reconciliation of actual budgetary basis amount to proprietary fund statement of Revenue, Expenses and Changes in Net Position:				
Change in Net Position, Budgetary Basis			\$ 313,350	
Depreciation			<u>(156,770)</u>	
Change in Net Position - Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 156,580</u>	

City of Travelers Rest, South Carolina
Attachment S
Uniform Schedule of Court Fines, Assessments and Surcharges (Per ACT 96)
Year Ended June 30, 2023

FOR THE STATE TREASURER'S OFFICE:

MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT

Court Fines and Assessments:

Court fines and assessments collected	\$ 146,243	
Court fines and assessments remitted to State Treasurer	72,407	
Total Court Fines and Assessments retained	73,836	

Surcharges and Assessments retained for victim services:

Surcharges collected and retained	2,575	
Assessments retained	6,507	
Total Surcharges and Assessments retained for victim services	9,082	

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED

Carryforward from Previous Year - Beginning Balance	30,294	
--	---------------	--

Victim Service Revenue:

Victim Service Assessments Retained by Town	4,465	
Victim Service Surcharges Retained by Town	2,575	
Interest Income	258	
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	7,298	

Expenditures for Victim Service Program:

Operating Expenditures	3,296	
Total Expenditures from Victim Service Fund/Program (B)	3,296	
Total Victim Service Funds Retained by Town (A-B)	4,002	
Carryforward Funds - End of Year	\$ 34,296	

City of Travelers Rest, South Carolina
Notes to Supplementary Information
June 30, 2023

Note 1 - Budgets and Budgetary Accounting

The City prepares an annual budget for the Sewer Proprietary Fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least forty days prior to July 1, the Administration Committee submits to the City Council a proposed operating budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. One public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through the passage of an ordinance of which two readings are required.
4. The Administration Committee is authorized to transfer budgeted amounts between departments within any fund; however, the revisions that alter the total expenditures of any fund must be approved by the City Council.
5. The budget for the City is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budget for the Proprietary Fund is prepared using the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Changes to the budgets made during the year, if any, are approved by the City. The City's original budgets were not amended during the year ended June 30, 2023.

Since the City's Proprietary Fund budget is prepared using a basis of accounting other than generally accepted accounting principles for proprietary funds, the budgetary companion schedule presented for the Proprietary Fund includes a reconciliation of actual budgetary basis amounts.

Note 2 – Excess of Expenditures over Appropriations

For the year ended June 30, 2023, revenues exceeded expenses in the Proprietary Fund by \$156,580.